

Annual budget of *Ubuntu Municipality*

2012/13 TO 2014/15
MEDIUM TERM REVENUE AND
EXPENDITURE FORECASTS

VISION

Ubuntu Municipality commit ourselves to be developmental and economically viable to ensure a better life for all”

MISSION

We strive to achieve — Effective and efficient service delivery — Optimal human and natural resource development — Local economic growth and development, job creation and poverty alleviation — A vibrant tourism industry — To participate in the fight to reduce the infection rate and lessen the impact of HIV/aids, alcohol abuse and other communicable diseases — A safe, secure and community friendly environment — To ensure sound and sustainable management of Financial and Fiscal affairs of the Municipality

Ubuntu Municipality



*menswaardigheid • hoop • erfenis
ubuntu • ithemba • izithethe
humanity • hope • heritage*

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Abbreviations and Acronyms

| | |
|-----------|--|
| ASGISA | Accelerated and Shared Growth Initiative |
| CFO | Chief Financial Officer |
| CPI | Consumer Price Index |
| CRRF | Capital Replacement Reserve Fund |
| DBSA | Development Bank of South Africa |
| DoRA | Division of Revenue Act |
| DWA | Department of Water Affairs |
| EE | Employment Equity |
| FBS | Free basic services |
| GAMAP | Generally Accepted Municipal Accounting Practice |
| GRAP | General Recognised Accounting Practice |
| HR | Human Resources |
| IDP | Integrated Development Strategy |
| IT | Information Technology |
| kℓ | kilolitre |
| km | kilometre |
| KPA | Key Performance Area |
| KPI | Key Performance Indicator |
| kWh | kilowatt |
| ℓ | litre |
| LED | Local Economic Development |
| MFMA | Municipal Financial Management Act |
| Programme | |
| MIG | Municipal Infrastructure Grant |
| MM | Municipal Manager |
| MPRA | Municipal Properties Rates Act |
| MSA | Municipal Systems Act |
| MTEF | Medium-term Expenditure Framework |
| MTREF | Medium-term Revenue and Expenditure Framework |
| NERSA | National Electricity Regulator South Africa |
| NGO | Non-Governmental organisations |
| NKPIs | National Key Performance Indicators |
| NT | National Treasury |
| PBO | Public Benefit Organisations |
| PMS | Performance Management System |
| PPE | Property Plant and Equipment |
| RDP | Reconstruction and Development Plan |
| SALGA | South African Local Government Association |
| SAPS | South African Police Service |
| SCMP | Supply Chain Management Policy |
| SDBIP | Service Delivery Budget Implementation Plan |
| SMME | Small Micro and Medium Enterprises |

Part 1 – Annual Budget

1.1 Mayor's Report

Honorable Councilors, members of the public, it is my privilege to introduce the first budget of this newly elected Council, the previous one was an inheritance of our predecessors. This budget was crafted at a challenging but hopeful time. Through this budget we are saying to our people that economic uncertainty will be with us for some time, yet we have a programme of change that can steadily roll back unemployment and poverty. Thus the political instruction to the Accounting Officer to start with a process filling vacancies in the municipality.

Also that from own revenue, collected through property rates a ward revitalization programmes should start, meaning allocating through this budget R400 000.00 to every ward, that not only creating jobs but improving the life of people there-in. This is going to be further augment by the incentive grant of EPWP, providing jobs to our people that are relieving poverty over the project duration.

The idea of unity in action, work together to realise practical goals, must be revived, meaning an active citizenry (strong social capital movement), drawn into motion by dedicated activist and inspired by a compelling vision of the future, has to be renewed.

Our commitment made during consultations still stands, and as promised in consultation session: "This is a year of less talk and hard word". But you are invited to be always part of the solution, thus join our newly established Audit Committee and MPAC in order to enhance transparency and better credibility.

Together we can do more!

1.2 Council Resolutions

On 29 May 2012 the Council of Ubuntu Municipality Local Municipality met in the Council Chambers of Ubuntu Municipality to consider the annual budget of the municipality for the financial year 2012/13. The Council approved and adopted the following resolutions:

1. The Council of Ubuntu Municipality Local Municipality, acting in terms of section 24 of the Municipal Finance Management Act, (Act 56 of 2003) approves and adopts:
 - 1.1. The annual budget of the municipality for the financial year 2012/13 and the multi-year and single-year capital appropriations as set out in the following tables:
 - 1.1.1. Budgeted Financial Performance (revenue and expenditure by standard classification) as contained in Table 18 on page 22;
 - 1.1.2. Budgeted Financial Performance (revenue and expenditure by municipal vote) as contained in Table 19 on page 24;
 - 1.1.3. Budgeted Financial Performance (revenue by source and expenditure by type) as contained in Table 21 on page 26; and
 - 1.1.4. Multi-year and single-year capital appropriations by municipal vote and standard classification and associated funding by source as contained in Table 22 on page 29.

- 1.2. The financial position, cash flow budget, cash-backed reserve/accumulated surplus, asset management and basic service delivery targets are approved as set out in the following tables:
 - 1.2.1. Budgeted Financial Position as contained in Table 23 on page 31;
 - 1.2.2. Budgeted Cash Flow Statement as contained in Table 24 on page 32;
 - 1.2.3. Cash backed reserves and accumulated surplus reconciliation as contained in Table 25 on page 33;
 - 1.2.4. Asset management as contained in Table 26 on page 34; and
 - 1.2.5. Basic service delivery measurement as contained in Table 27 on page 36.
2. The Council of Ubuntu Municipality Local Municipality, acting in terms of section 75A of the Local Government: Municipal Systems Act (Act 32 of 2000) approves and adopts with effect from 1 July 2012:
 - 2.1. the tariffs for property rates – as set out in Annexure **A**,
 - 2.2. the tariffs for electricity – as set out in Annexure **B**
 - 2.3. the tariffs for the supply of water – as set out in Annexure **C**
 - 2.4. the tariffs for sanitation services – as set out in Annexure **E**
 - 2.5. the tariffs for solid waste services – as set out in Annexure **F**
3. The Council of Ubuntu Municipality Local Municipality, acting in terms of 75A of the Local Government: Municipal Systems Act (Act 32 of 2000) approves and adopts with effect from 1 July 2012 the tariffs for other services, as set out in Annexures **G1** to **G21** respectively.
4. To give proper effect to the municipality's annual budget, the Council of Ubuntu Municipality Local Municipality approves:
 - 4.1. That cash backing is implemented through the utilisation of a portion of the revenue generated from property rates to ensure that all capital reserves and provisions, unspent long-term loans and unspent conditional grants are cash backed as required in terms of the municipality's funding and reserves policy as prescribed by section 8 of the Municipal Budget and Reporting Regulations.
 - 4.2. That the Municipal Manager be authorised to sign all necessary agreements and documents to give effect to the above lending programme.

1.3 Executive Summary

The application of sound financial management principles for the compilation of the Municipality's financial plan is essential and critical to ensure that the Municipality remains financially viable and that municipal services are provided sustainably, economically and equitably to all communities.

The Municipality has embarked on implementing a range of revenue collection strategies to optimize the collection of debt owed by consumers. All debtors who can afford to pay were handed over to Lubbe Attorneys for collections. Special attention is given to customer enquiries regarding service delivery. A complaints register is implemented and complaints are dealt with in daily.

National Treasury's MFMA Circular No. 58 and 59 were used to guide the compilation of the 2012/13 MTREF.

The main challenges experienced during the compilation of the 2012/13 MTREF can be summarised as follows:

- The on-going difficulties in the national and local economy;
- Aging and poorly maintained water, roads and electricity infrastructure;
- The increased cost of bulk water and electricity (due to tariff increases from Rand Water and Eskom), which is placing upward pressure on service tariffs to residents. Continuous high tariff increases are not sustainable - as there will be point where services will no-longer be affordable;
- The municipality prioritise bucket eradication, but although the backlogs were addressed in previous financial years, the challenge is the increase of housing development in the rural areas where bucket systems are temporarily 400;
- Wage increases for municipal staff that continue to exceed consumer inflation, as well as the need to fill critical vacancies;
- Availability of funding for priority capital projects – is a new area which form part of Ubuntu's service deliverables. Thus MIG funding will be utilised mainly for this project over the MTREF. Bulk purchases, new infrastructure development and maintenance expenses are expected to increase, whilst revenue will not cover costs due to the indigent numbers in this area.
- Availability of affordable capital.

The following budget principles and guidelines directly informed the compilation of the 2012/13 MTREF:

- The 2011/12 Adjustments Budget priorities and targets, as well as the base line allocations contained in that Adjustments Budget were adopted as the upper limits for the new baselines for the 2012/13 annual budget;
- Intermediate service level standards were used to inform the measurable objectives, targets and backlog eradication goals;
- Tariff and property rate increases should be affordable and should generally not exceed inflation as measured by the CPI, except where there are price increases in the inputs of services that are beyond the control of the municipality, for instance the cost of bulk water and electricity. In addition, tariffs need to remain or move towards being cost reflective, and should take into account the need to address infrastructure backlogs.
- MIG office earmarked R52,5 million towards upgrading of gravel roads in the Ubuntu Municipal area over a 5 year period. This project already started in May 2012;
- There will be no budget allocated to national and provincial funded projects unless the necessary grants to the municipality are reflected in the national and provincial budget and have been gazetted as required by the annual Division of Revenue Act.

In view of the aforementioned, the following table is a consolidated overview of the proposed 2011/12 Medium-term Revenue and Expenditure Framework:

Table 1 Consolidated Overview of the 2011/12 MTREF

| DESCRIPTION | ADJUSTED BUDGET | BUDGET YEAR | BUDGET YEAR | BUDGET YEAR |
|-------------|--------------------|----------------|----------------|----------------|
|-------------|--------------------|----------------|----------------|----------------|

| | 2011/12 | 2012/13 | 2013/14 | 2014/15 |
|-------------------------------|----------|----------|----------|----------|
| Total operating revenue | 57 885 | 71 197 | 76 073 | 80 932 |
| Total operating expenditure | 82 805 | 86 298 | 89,153 | 94 618 |
| Surplus(deficit) for the year | (24 920) | (15 101) | (13 080) | (13 686) |
| Total capital expenditure | 9 780 | 12 965 | 14 492 | 14 478 |

Total operating revenue has increase by 23 per cent or R13,312 million for the 2012/13 financial year when compared to the 2011/12 Adjustments Budget. For the two outer years, operational revenue will increase by 6.85 and 6.38 per cent respectively, equating to a total revenue growth of R23,047 million over the MTREF when compared to the 2011/12 financial year.

Total operating expenditure for the 2012/13 financial year has been appropriated at R86,298 million and translates into a budgeted deficit of R15,101 million. When compared to the 2011/12 Adjustments Budget, operational expenditure has increase by 4.21 per cent in the 2012/13 budget and increased by 3.3 and 6.1 per cent for each of the respective outer years of the MTREF. The operating deficit for 2013/14 decrease to R13,080 million and increase for 2014/2015 to R13,686 million.

The capital budget of R12,965 million for 2012/13 is 34.7 per cent more when compared to the 2011/12 Adjustment Budget. The increase is due to various new projects prioritised in for 2012/13. The capital programme increase to R14,492 million in the 2013/14 financial year and decreases with 0.1 per cent in 2014/15 to R1,635 million. A substantial portion of the capital budget will be funded from grants over MTREF. Grants will contribute 83.77 and 88.7 per cent of capital expenditure in the two outer years. The balance in 2012/13 will be funded from internally generated funds amounting to R1,455 million.

1.4 Operating Revenue Framework

For Ubuntu Municipality to continue improving the quality of services provided to its citizens it needs to generate the required revenue. In these tough economic times strong revenue management is fundamental to the financial sustainability of every municipality. The reality is that we are faced with maintenance backlogs and poverty. The expenditure required to address these challenges will inevitably always exceed available funding; hence difficult choices have to be made in relation to tariff increases and balancing expenditures against realistically anticipated revenues.

The municipality's revenue strategy is built around the following key components:

- National Treasury's guidelines and macroeconomic policy;
- Growth in the Municipality and continued economic development;
- Efficient revenue management, which aims to ensure a 91 per cent annual collection rate for property rates and other key service charges;
- Electricity tariff increases as approved by the National Electricity Regulator of South Africa (NERSA);
- Achievement of full cost recovery of specific user charges especially in relation to trading services;
- The municipality's Property Rates Policy approved in terms of the Municipal Property Rates Act, 2004 (Act 6 of 2004) (MPRA);
- The municipality's Indigent Policy and rendering of free basic services; and

- Tariff policies of the Municipality.

The following table is a summary of the 2011/12 MTREF (classified by main revenue source):

Table 2 MBRR – Table A4 Summary of revenue classified by main revenue source

| Description | Ref | 2008/9 | 2009/10 | 2010/11 | Current Year 2011/12 | | | | 2012/13 Medium Term Revenue & Expenditure Framework | | |
|---|-----|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|-------------------|---|------------------------|------------------------|
| | | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Pre-audit outcome | Budget Year 2012/13 | Budget Year +1 2013/14 | Budget Year +2 2014/15 |
| R thousand | 1 | | | | | | | | | | |
| Revenue By Source | | | | | | | | | | | |
| Property rates | 2 | 2 890 | 4 142 | 2 608 | 3 880 | 4 306 | 4 306 | 4 306 | 6 196 | 6 568 | 6 962 |
| Property rates - penalties & collection charges | | - | - | - | - | - | - | - | - | - | - |
| Service charges - electricity revenue | 2 | 4 834 | 5 866 | 7 262 | 5 290 | 6 919 | 6 919 | 6 919 | 10 178 | 10 788 | 11 436 |
| Service charges - water revenue | 2 | 2 957 | 3 232 | 3 807 | 2 109 | 3 464 | 3 464 | 3 464 | 3 431 | 3 637 | 3 856 |
| Service charges - sanitation revenue | 2 | 2 220 | 1 596 | 2 344 | 1 603 | 1 720 | 1 720 | 1 720 | 4 517 | 4 788 | 5 075 |
| Service charges - refuse revenue | 2 | 1 952 | 2 235 | 2 433 | 2 593 | 2 503 | 2 503 | 2 503 | 3 268 | 3 464 | 3 672 |
| Service charges - other | | - | - | - | - | - | - | - | - | - | - |
| Rental of facilities and equipment | | 348 | 410 | 409 | 499 | 442 | 442 | 442 | 621 | 658 | 698 |
| Interest earned - external investments | | 864 | 416 | 351 | 250 | 320 | 320 | 320 | 380 | 403 | 427 |
| Interest earned - outstanding debtors | | 1 521 | 1 738 | 1 604 | 1 800 | 1 800 | 1 800 | 1 800 | 1 800 | 1 908 | 2 022 |
| Dividends received | | - | - | - | - | - | - | - | - | - | - |
| Fines | | 4 442 | 15 149 | 19 134 | 16 108 | 16 088 | 16 088 | 16 088 | 19 090 | 20 235 | 21 449 |
| Licences and permits | | 235 | 301 | 475 | 420 | 564 | 564 | 564 | 419 | 444 | 471 |
| Agency services | | 41 | 14 | 15 | 20 | 12 | 12 | 12 | 12 | 13 | 13 |
| Transfers recognised - operational | | 29 098 | 13 252 | 16 302 | 18 061 | 18 623 | 18 623 | 18 623 | 20 785 | 22 637 | 24 289 |
| Other revenue | 2 | 11 666 | 1 431 | 673 | 516 | 1 049 | 1 049 | 1 049 | 275 | 291 | 309 |
| Gains on disposal of PPE | | 9 | 3 | 25 | 56 | 75 | 75 | 75 | 225 | 239 | 253 |
| Total Revenue (excluding capital transfers and contributions) | | 63 077 | 49 786 | 57 440 | 53 205 | 57 885 | 57 885 | 57 885 | 71 197 | 76 073 | 80 932 |

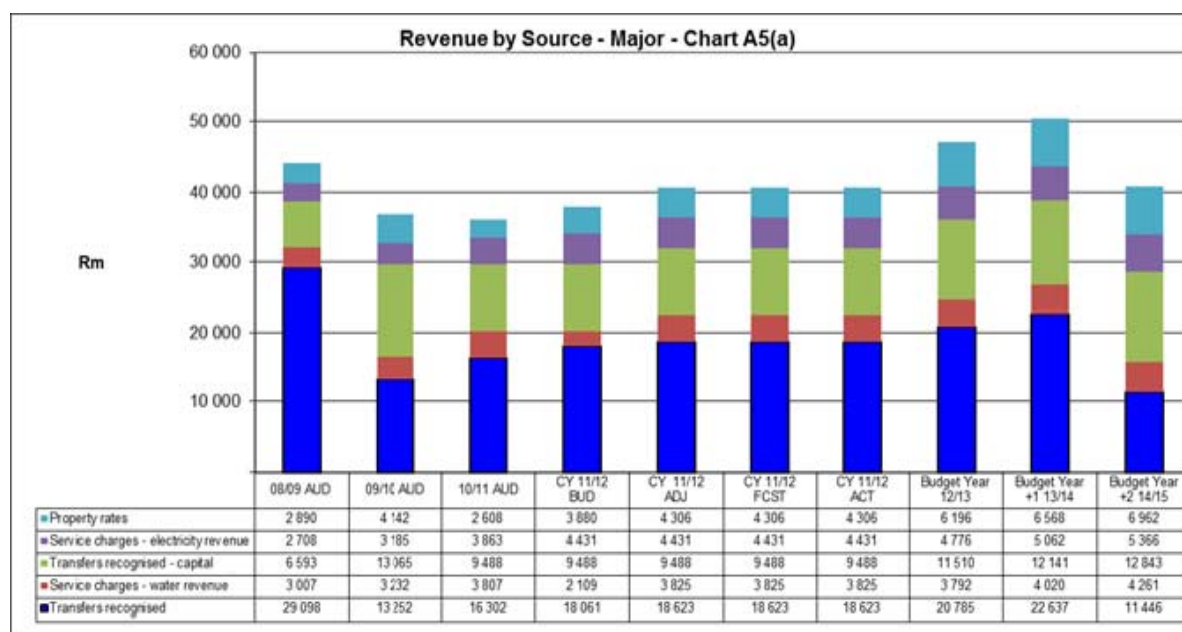


Figure 1: Revenue by Source - Major

Table 3 Percentage growth in revenue by main revenue source

| R thousand | Current year 2011/12 | | 2012/13 MEDIUM TERM REVENUE AND EXPENDITURE FRAMEWORK | | | | | |
|--|----------------------|-------------|---|----------------------------------|------------------------|---------------------------------|------------------------|---------------------------------|
| | Adjusted Budget | % | Budget Year 2012/13 | 2011/12 - 2012/13 (Year on Year) | Budget Year +1 2013/14 | 2012/13- 2013/14 (Year on Year) | Budget Year +2 2014/15 | 2013/14- 2014/15 (Year on Year) |
| Revenue By Source | | | | | | | | |
| Property rates | 4 306 | 65% | 6 196 | 44% | 6 568 | 6% | 6 962 | 6% |
| Service charges - electricity revenue | 6 919 | -5% | 10 178 | 47.10% | 10 788 | 6% | 11 436 | 6% |
| Service charges - water revenue | 3 464 | -9% | 3 431 | -1% | 3 637 | 6% | 3 856 | 6% |
| Service charges - sanitation revenue | 1 720 | -26% | 4 517 | 162% | 4 788 | 6% | 5 075 | 6% |
| Service charges - refuse revenue | 2 503 | 3% | 3 268 | 30.56% | 3 464 | 6% | 3 672 | 6% |
| Rental of facilities and equipment | 442 | 8% | 621 | 40.5% | 658 | 6% | 698 | 6% |
| Interest earned - external investments | 320 | -9% | 380 | 18.75% | 403 | 6% | 427 | 6% |
| Interest earned - outstanding debtors | 1 800 | 12% | 1 800 | 0% | 1 908 | 6% | 2 022 | 6% |
| Fines | 16 088 | -16% | 19 090 | 18.66% | 20 235 | 6% | 21 449 | 6% |
| Licences and permits | 564 | 18.7% | 419 | -25.7% | 444 | 6% | 471 | 6% |
| Agency services | 12 | -20% | 12 | 0% | 13 | 0% | 13 | 0% |
| Transfers recognised - operational | 18 623 | 14% | 20 785 | 11.6% | 22 637 | 9% | 24 289 | 7% |
| Other revenue | 1 049 | 56% | 275 | -73.78% | 291 | 6% | 309 | 6% |
| Gains in disposal of PPE | 75 | 200% | 225 | 200% | 239 | 6% | 253 | 6% |
| Total Revenue (excluding capital transfers and contributions) | 57 885 | 0.8% | 71 197 | 23% | 76 073 | 6.8% | 80 932 | 6.38% |
| Total Revenue from Rates and Service Charges | 19 002 | 3% | 27 590 | 45% | 29 245 | 6% | 31 001 | 6% |

In line with the formats prescribed by the Municipal Budget and Reporting Regulations, capital transfers and contributions are excluded from the operating statement, as inclusion of these revenue sources would distort the calculation of the operating surplus/deficit.

Revenue generated from rates and services charges forms a significant percentage of the revenue basket for the Municipality. Rates and service charge revenues comprise more than two thirds of the total revenue mix. In the 2011/12 financial year, revenue from rates and services charges totalled R19,002 million or 3 per cent. This increases to R27,590 million, R29,245 million and R31,001 million in the respective financial years of the MTREF. A notable trend is the decrease in the total percentage revenue generated from rates and services charges which decreases from 45 per cent in 2012/13 to 6 per cent in 2013/14. This decrease can be mainly attributed to rapid increases in the Eskom tariffs for bulk Electricity. The above table excludes revenue foregone arising from discounts and rebates associated with the tariff policies of the Municipality. Details in this regard are contained in Table 65 MBRR SA1 (see page 91).

Property rates is the second largest revenue source totalling 6 per cent or R6,196 million rand and increases to R6,568 million by 2013/14. The third largest sources is 'other revenue' which consists of various items such as income received from permits and licenses, building plan fees, connection fees, transport fees and advertisement fees. Departments have been

urged to review the tariffs of these items on an annual basis to ensure they are cost reflective and market related.

Operating grants and transfers totals R18,623 million in the 2011/12 financial year and steadily increases to R24,289 million by 2014/15. Note that the year-on-year growth for the 2012/13 financial years is 11.6 per cent and decrease to 9 per cent in 2013/14 and 7 per cent in the 2014/15 financial year. The following table gives a breakdown of the various operating grants and subsidies allocated to the municipality over the medium term:

Table 4 MBRR Operating Transfers and Grant Receipts (SA18)

| Description | Ref | 2008/9 | 2009/10 | 2010/11 | Current Year 2011/12 | | | 2012/13 Medium Term Revenue & Expenditure Framework | | |
|---|------|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|---|------------------------|------------------------|
| | | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Budget Year 2012/13 | Budget Year +1 2013/14 | Budget Year +2 2014/15 |
| RECEIPTS: | 1, 2 | | | | | | | | | |
| Operating Transfers and Grants | | | | | | | | | | |
| National Government: | | 9 873 | 12 718 | 16 161 | 17 909 | 17 898 | 17 898 | 20 035 | 21 842 | 23 447 |
| Local Government Equitable Share | | 8 589 | 11 196 | 13 986 | 15 669 | 15 618 | 15 618 | 17 705 | 19 160 | 20 713 |
| Finance Management Grant | | 500 | 621 | 1 186 | 1 450 | 1 450 | 1 450 | 1 500 | 1 750 | 1 750 |
| Municipal Systems Improvement Grant | | 735 | 850 | 708 | 790 | 790 | 790 | 800 | 900 | 950 |
| Skills Development Fund | | 49 | 51 | 38 | – | 40 | 40 | 30 | 32 | 34 |
| Municipal Infrastructure Grant (MIG) | | – | – | 243 | – | – | – | – | – | – |
| Other transfers/grants [insert description] | | | | | | | | | | |
| Provincial Government: | | 10 976 | 684 | 1 973 | – | 725 | 725 | 750 | 795 | 843 |
| Library | | 240 | 264 | 407 | – | 725 | 725 | 750 | 795 | 843 |
| Health | | 128 | 59 | – | – | – | – | – | – | – |
| Housing | | 10 608 | 361 | 1 566 | – | – | – | – | – | – |
| Other transfers/grants [insert description] | | | | | | | | | | |
| District Municipality: | | – | – | – | – | – | – | – | – | – |
| [insert description] | | | | | | | | | | |
| Other grant providers: | | 1 243 | 111 | 223 | – | – | – | – | – | – |
| Project Survey of Land | | – | – | – | – | – | – | – | – | – |
| Project Sanitation Mandela Square | | – | – | – | – | – | – | – | – | – |
| Renovations and Repair of Sport | | 450 | – | – | – | – | – | – | – | – |
| Project Ubuntu Waterservice Plan | | 793 | 111 | – | – | – | – | – | – | – |
| Drought Relief | | – | – | – | – | – | – | – | – | – |
| Sport Development | | 0 | – | – | – | – | – | – | – | – |
| Solid Waste Site | | – | – | – | – | – | – | – | – | – |
| Project Sanitation Pumpstation | | – | – | – | – | – | – | – | – | – |
| Water Project | | – | – | 223 | – | – | – | – | – | – |
| Project Water Loxton | | – | – | – | – | – | – | – | – | – |
| Total Operating Transfers and Grants | 5 | 22 092 | 13 513 | 18 357 | 17 909 | 18 623 | 18 623 | 20 785 | 22 637 | 24 289 |

Tariff-setting is a pivotal and strategic part of the compilation of any budget. When rates, tariffs and other charges were revised, local economic conditions, input costs and the affordability of services were taken into account to ensure the financial sustainability of the Municipality.

National Treasury continues to encourage municipalities to keep increases in rates, tariffs and other charges as low as possible. Municipalities must consider in their budget documentation the inflation forecasts as per MFMA Circular 59. Excessive increases are likely to be counterproductive, resulting in higher levels of non-payment.

The percentage increases of Eskom bulk tariffs are far beyond the mentioned inflation target. Given that these tariff increases are determined by NERSA, the impact they have on the municipality's Electricity are largely outside the control of the Municipality. Discounting the

impact of these price increases in lower consumer tariffs will erode the Municipality's future financial position and viability.

It must also be appreciated that the consumer price index, as measured by CPI, is not a good measure of the cost increases of goods and services relevant to municipalities. The basket of goods and services utilised for the calculation of the CPI consist of items such as food, petrol and medical services, whereas the cost drivers of a municipality are informed by items such as the cost of remuneration, bulk purchases of Electricity and water, petrol, diesel, chemicals, cement etc. The current challenge facing the Municipality is managing the gap between cost drivers and tariffs levied, as any shortfall must be made up by either operational efficiency gains or service level reductions. Within this framework the Municipality has undertaken the tariff setting process relating to service charges as follows.

1.4.1 Property Rates

Property rates cover the general cost in providing general services to the community. Determining the effective property rate tariff is therefore an integral part of the municipality's budgeting process.

National Treasury's MFMA Circular No. 51 deals, inter alia with the implementation of the Municipal Property Rates Act, with the regulations issued by the Department of Co-operative Governance. These regulations came into effect on 1 July 2009 and prescribe the rate ratio for the non-residential categories, public service infrastructure and agricultural properties relative to residential properties to be 0,25:1. The implementation of these regulations was done in the previous budget process and the Property Rates Policy of the Municipality has been amended accordingly.

The following stipulations in the Property Rates Policy are highlighted:

- The first R15 000 of the market value of a property used for residential purposes is excluded from the rate-able value (Section 17(h) of the MPRA);
 - In order to alleviate rates burden on the poor, the following exemptions and Rebates are proposed:

Exemptions:

- Indigent owners
 - Owners dependent on pensions or social grant for their livelihood;
 - Owners of residential property whose market value is below R 30 000.00 before the first R 15 000.00 mandatory exclusion.
- The rate-able property concerned must be occupied only by the applicant and his/her spouse, if any, and by dependants without income;
 - The applicant must submit proof of his/her age and identity and, in the case of a physically or mentally handicapped person, proof of certification by a Medical Officer of Health, also proof of the annual income from a social pension;
 - The applicant's account must be paid in full, or if not, an arrangement to pay the debt should be in place; and
 - The property must be categorized as residential.

- The Municipality may award a 100 per cent grant-in-aid on the assessment rates of rate-able properties of certain classes such as registered welfare organizations, institutions or organizations performing charitable work, sports grounds used for purposes of amateur sport. The owner of such a property must apply to the Chief Financial Officer in the prescribed format for such a grant.

The categories of rate-able properties for purposes of levying rates and the proposed rates for the 2012/13 financial year based on a 9 per cent increase from 1 July 2012 is contained below:

Table 5 Comparison of proposed rates to levied for the 2012/13 financial year

| Category | Current Tariff (1 July 2011) | Proposed tariff (from 1 July 2012) |
|--|---------------------------------|---------------------------------------|
| | c | c |
| Residential properties | 0.01237 | 0.01311 |
| State owned properties | 0.01237 | 0.01350 |
| Business & Commercial | 0.01237 | 0.01337 |
| Agricultural | 0.00038 | 0.00120 |
| Vacant land | 0.01237 | 0.01311 |
| Municipal rateable | 0 | 0 |
| Public benefit organisation properties | 0.00310 | 0.00329 |
| Churches | 0 | 0 |

1.4.2 Sale of Water and Impact of Tariff Increases

Ubuntu municipality carefully review the level and structure of water tariffs to ensure:

- Water tariffs are fully cost-reflective – including the cost of maintenance and renewal of purification plants, water networks and the cost associated with reticulation expansion;
- Water tariffs are structured to protect basic levels of service and ensure the provision of free water to the poorest of the poor (indigent); and
- Water tariffs are designed to encourage efficient and sustainable consumption.

In addition National Treasury has urged all municipalities to ensure that water tariff structures are cost reflective by 2014.

Better maintenance of infrastructure, new dam construction and cost-reflective tariffs will ensure that the supply challenges are managed in future to ensure sustainability. Water is supplied by a Farmer Mr AM Conroy but due to the contract not approved by council as yet a one (1) per cent increase is provided to cover a possible increase in bulk purchases

In addition 6 kℓ water per 30-day period will again be granted free of charge to Indigent Households.

A summary of the proposed tariffs for households (residential) and non-residential are as follows:

Table 6 Proposed Water Tariffs

| CATEGORY | CURRENT TARIFFS 2011/12 | PROPOSED TARIFFS 2012/13 |
|--------------------------|----------------------------|-----------------------------|
| | Rand per kℓ | Rand per kℓ |
| RESIDENTIAL | | |
| Free for Indigents 0-6kl | 0 | 0 |
| Consumption 0 – 6kl | 3.55 | 3.76 |
| Consumption 7 – 15kl | 4.08 | 4.32 |
| Consumption 16-30kl | 5.01 | 5.31 |
| Consumption 30+ kl | 6.20 | 6.57 |

The following table shows the impact of the proposed increases in water tariffs on the water charges for a single dwelling-house:

Table 7 Comparison between current water charges and increases (Domestic)

| Monthly consumption kℓ | Current amount Payable 2011/12 R | Proposed amount Payable 2012/13 R | Difference (Increase) R | Percentage change |
|------------------------------|--|--|-------------------------------|----------------------|
| 6 | 21.3 | 22.56 | 1.26 | 6% |
| 15 | 61.2 | 64.8 | 3.6 | 6% |
| 30 | 150.3 | 159.3 | 9 | 6% |

The tariff structure of the 2012/13 financial year has not been changed. The tariff structure is designed to charge higher levels of consumption a higher rate, steadily increasing to a rate of R6.57 per kilolitre for consumption in excess of 30kℓ per 30 day period.

1.4.3 Sale of Electricity and Impact of Tariff Increases

NERSA has announced the revised bulk Electricity pricing structure. A 13.5 per cent increase in the Eskom bulk Electricity tariff to municipalities will be effective from 1 July 2012.

Considering the Eskom increases, the consumer tariff had to be increased by 11 per cent to offset the additional bulk purchase cost from 1 July 2012. Furthermore, it should be noted that given the size of the past few years tariff increases, the expected growth in electricity consumption will decrease. However, it will have a negative impact in the long run, especially repairs and maintenance, which decreased from 2012/13 by 12.37% to 2014/15

The difference between Bulk Purchase increase and Tariff increase is 2% that will be a loss for the municipality. However, the municipality budget for a surplus of R 749 000.

Registered indigents will again be granted 50 kWh per 30-day period free of charge.

The following table shows the impact of the proposed increases in Electricity tariffs for domestic customers:

Table 8 Comparison between current Electricity charges and increases (Domestic)

| DOMESTIC TARIFFS | | | | COMMERCIAL |
|--|--|---|---|-------------------------------------|
| DOMESTIC BLOCK 1 0-50kWh (c/kWh) | DOMESTIC BLOCK 2 51-350kWh (c/kWh) | DOMESTIC BLOCK 3 351-600kWh (c/kWh) | DOMESTIC BLOCK 4 > 600kWh (c/kWh) | Conventional and prepaid (c/kWh) |
| 61-66 | 77-82 | 104-109 | 124-129 | 130-135 |

It should further be noted that NERSA has advised that a stepped tariff structure needs to be implemented from 1 July 2012. The effect thereof will be that the higher the consumption, the higher the cost per kWh. The aim is to subsidise the lower consumption users (mostly the poor).

1.4.4 Sanitation and Impact of Tariff Increases

A tariff increase of 6 per cent for sanitation from 1 July 2012 is proposed. This is based on the input cost assumptions related to water. The following factors also contribute to the proposed tariff increase:

- Sanitation charges are calculated according to the percentage water discharged as indicated in the table below;
- Free sanitation will be applicable to registered indigents only, for buckets an amount of R53.60 and vacuum tanks R86.30; and
- The total revenue expected to be generated from rendering sanitation service amounts to R4,716 million for the 2012/13 financial year.

The following table compares the current and proposed tariffs:

Table 9 Comparison between current sanitation charges and increases

| CATEGORY | Current Tariff 1 July 2011 | Proposed Tariff 1 July 2012 | % increase |
|------------|-------------------------------|-----------------------------------|---------------|
| Domestic | 81.40 | 86.30 | 6% |
| Business | 159.58 | 169.20 | 6% |
| Government | 159.58 | 169.20 | 6% |
| Buckets | 50.56 | 53.60 | 6% |

1.4.5 Waste Removal and Impact of Tariff Increases

The main contributors to this deficit are repairs and maintenance on vehicles, increases in general expenditure such as petrol and diesel and the cost of remuneration.

An 6 per cent increase in the waste removal tariff is proposed from 1 July 2012. Higher increases will not be viable in 2012/13 owing to the significant increases implemented in previous financial years as well as the overall impact of higher than inflation increases of other services. Any increase higher than 8 per cent would be counter-productive and will result in affordability challenges for individual rates payers raising the risk associated with bad debt.

The following table compares current and proposed amounts payable from 1 July 2012:

Table 10 Comparison between current waste removal fees and increases

| CATEGORY | Current Tariff 1 July 2011 | Proposed Tariff 1 July 2012 | % increase |
|----------|-------------------------------|-----------------------------------|---------------|
| Domestic | 81.4 | 86.30 | 6% |
| Business | 337.10 | 357.35 | 6% |

1.4.6 Overall impact of tariff increases on households

The following table shows the overall expected impact of the tariff increases on a large and small household, as well as an indigent household receiving free basic services.

Note that in all instances the overall impact of the tariff increases on household's bills has been kept to between 6 and 11 per cent, with the same increase for indigent households as all services are subsidized. Indigent users are only responsible for overuse of electricity and water.

Table 11 Table SA14 – Household bills

| Description | 2008/9 | 2009/10 | 2010/11 | Current Year 2011/12 | | | 2012/13 Medium Term Revenue & Expenditure Framework | | | |
|--|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|---|---------------------|------------------------|------------------------|
| | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Budget Year 2012/13 % incr. | Budget Year 2012/13 | Budget Year +1 2013/14 | Budget Year +2 2014/15 |
| Rand/cent | | | | | | | | | | |
| <u>Monthly Account for Household - 'Middle Income Range'</u> | | | | | | | | | | |
| Rates and services charges: | | | | | | | | | | |
| Property rates | 542.55 | 540.40 | 572.80 | 592.75 | 592.75 | 592.75 | 6.0% | 6.0% | 6.0% | 6.00 |
| Electricity: Basic levy | 50.00 | 50.00 | 50.00 | 78.43 | 78.43 | 78.43 | 6.1% | 6.1% | 6.1% | 6.00 |
| Electricity: Consumption | 1 046.45 | 525.55 | 712.20 | 863.52 | 863.52 | 863.52 | 11.0% | 12.0% | 12.0% | 12.00 |
| Water: Basic levy | 249.55 | 433.10 | 283.74 | 523.90 | 523.90 | 523.90 | 6.1% | 6.1% | 6.1% | 6.00 |
| Water: Consumption | 32.75 | 32.75 | 32.70 | 34.70 | 34.70 | 34.70 | 6.0% | 6.0% | 6.0% | 6.00 |
| Sanitation | 68.00 | 72.45 | 76.80 | 81.40 | 81.40 | 81.40 | 6.0% | 6.0% | 6.0% | 6.00 |
| Refuse removal | 68.00 | 72.45 | 76.80 | 81.40 | 81.40 | 81.40 | 6.0% | 6.0% | 6.0% | 6.00 |
| Other | | | | | | | | | | |
| sub-total | 2 057.30 | 1 726.70 | 1 805.04 | 2 256.10 | 2 256.10 | 2 256.10 | (100.0%) | 0.48 | 0.48 | 48.00 |
| VAT on Services | | | | | | | | | | |
| Total large household bill: | 2 057.30 | 1 726.70 | 1 805.04 | 2 256.10 | 2 256.10 | 2 256.10 | (100.0%) | 0.48 | 0.48 | 48.00 |
| % increase/-decrease | | (16.1%) | 4.5% | 25.0% | - | - | | (100.0%) | - | 9 858.5% |
| <u>Monthly Account for Household - 'Affordable Range'</u> | | | | | | | | | | |
| Rates and services charges: | | | | | | | | | | |
| Property rates | 187.85 | 139.45 | 147.80 | 156.70 | 156.70 | 156.70 | 6.0% | 6.0% | 6.0% | 6.00 |
| Electricity: Basic levy | 50.00 | 50.00 | 50.00 | 78.43 | 78.43 | 78.43 | 6.1% | 6.1% | 6.1% | 6.00 |

| | | | | | | | | | | |
|---|--------|--------|---------------|----------------|----------|----------|----------|----------|-------|----------|
| Electricity: Consumption | 207.40 | 321.80 | 526.15 | 740.97 | 740.97 | 740.97 | 11.0% | 12.0% | 12.0% | 12.00 |
| Water: Basic levy | 32.75 | 32.75 | 32.70 | 34.70 | 34.70 | 34.70 | 6.1% | 6.1% | 6.1% | 6.00 |
| Water: Consumption | 52.95 | 44.45 | 57.20 | 45.75 | 45.75 | 45.75 | 6.0% | 6.0% | 6.0% | 6.00 |
| Sanitation | 68.00 | 72.45 | 76.80 | 81.40 | 81.40 | 81.40 | 6.0% | 6.0% | 6.0% | 6.00 |
| Refuse removal | 68.00 | 72.45 | 76.80 | 81.40 | 81.40 | 81.40 | 6.0% | 6.0% | 6.0% | 6.00 |
| Other | | | | | | | | | | |
| sub-total | 666.95 | 733.35 | 967.45 | 1 219.35 | 1 219.35 | 1 219.35 | (100.0%) | 0.48 | 0.48 | 48.00 |
| VAT on Services | | | | | | | | | | |
| Total small household bill: | 666.95 | 733.35 | 967.45 | 1 219.35 | 1 219.35 | 1 219.35 | (100.0%) | 0.48 | 0.48 | 48.00 |
| % increase/-decrease | | 10.0% | 31.9% 2.21 | 26.0% -0.18 | - | - | | (100.0%) | - | 9 858.5% |
| Monthly Account for Household - 'Indigent' Household receiving free basic services | | | | | | | | | | |
| Rates and services charges: | | | | | | | | | | |
| Property rates | 66.15 | 90.85 | 96.30 | 102.05 | 102.05 | 102.05 | 6.0% | 6.0% | 6.0% | 6.00 |
| Electricity: Basic levy | 30.00 | 50.00 | 50.00 | 78.43 | 78.43 | 78.43 | 6.1% | 6.1% | 6.1% | 6.00 |
| Electricity: Consumption | 31.85 | 29.15 | 75.30 | 76.22 | 76.22 | 76.22 | 11.0% | 12.0% | 12.0% | 12.00 |
| Water: Basic levy | 32.75 | 32.75 | 32.70 | 34.70 | 34.70 | 34.70 | 6.1% | 6.1% | 6.1% | 6.00 |
| Water: Consumption | 7.00 | 9.55 | 10.15 | 14.20 | 14.20 | 14.20 | 6.0% | 6.0% | 6.0% | 6.00 |
| Sanitation | 68.00 | 72.45 | 76.80 | 81.40 | 81.40 | 81.40 | 6.0% | 6.0% | 6.0% | 6.00 |
| Refuse removal | 68.00 | 72.45 | 76.80 | 81.40 | 81.40 | 81.40 | 6.0% | 6.0% | 6.0% | 6.00 |
| Other | | | | | | | | | | |
| sub-total | 303.75 | 357.20 | 418.05 | 468.40 | 468.40 | 468.40 | (99.9%) | 0.48 | 0.48 | 48.00 |
| VAT on Services | | | | | | | | | | |
| Total small household bill: | 303.75 | 357.20 | 418.05 | 468.40 | 468.40 | 468.40 | (99.9%) | 0.48 | 0.48 | 48.00 |
| % increase/-decrease | | 17.6% | 17.0% | 12.0% | - | - | | (99.9%) | - | 9 858.5% |

1.5 Operating Expenditure Framework

The Municipality's expenditure framework for the 2012/13 budget and MTREF is informed by the following:

- Balanced budget constraint (operating expenditure should not exceed operating revenue) unless there are existing uncommitted cash-backed reserves to fund any deficit;
- Funding of the budget over the medium-term as informed by Section 18 and 19 of the MFMA;
- Operational gains and efficiencies will be directed to funding the capital budget and other core services; and
- Strict adherences to the principle of no project plan *no budget*. If there is no business plan no funding allocation can be made.

The following table is a high level summary of the 2012/13 budget and MTREF (classified per main type of operating expenditure):

Table 12 MBRR Summary of operating expenditure by standard classification item

| Description | Ref | 2008/9 | 2009/10 | 2010/11 | Current Year 2011/12 | | | | 2012/13 Medium Term Revenue & Expenditure Framework | | |
|---------------------------------|------|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|-------------------|---|------------------------|------------------------|
| | | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Pre-audit outcome | Budget Year 2012/13 | Budget Year +1 2013/14 | Budget Year +2 2014/15 |
| R thousand | 1 | | | | | | | | | | |
| Expenditure By Type | | | | | | | | | | | |
| Employee related costs | 2 | 11 816 | 13 211 | 17 230 | 23 279 | 24 456 | 24 456 | 24 456 | 28 606 | 30 322 | 32 141 |
| Remuneration of councillors | | 1 591 | 1 693 | 1 752 | 1 850 | 2 050 | 2 050 | 2 050 | 2 030 | 2 152 | 2 281 |
| Debt impairment | 3 | (239) | 11 932 | 3 070 | 8 899 | 8 899 | 8 899 | 8 899 | 3 174 | 3 364 | 3 566 |
| Depreciation & asset impairment | 2 | 4 026 | 5 135 | 5 329 | 5 358 | 5 358 | 5 358 | 5 358 | 5 724 | 6 067 | 6 431 |
| Finance charges | | 601 | 943 | 907 | 453 | 486 | 486 | 486 | 650 | 689 | 731 |
| Bulk purchases | 2 | 4 345 | 5 984 | 7 539 | 8 450 | 10 138 | 10 138 | 10 138 | 9 317 | 9 877 | 10 469 |
| Other materials | 8 | - | - | - | - | - | - | - | - | - | - |
| Contracted services | | 120 | 9 873 | 11 540 | - | 8 485 | 8 485 | 8 485 | 10 710 | 11 353 | 12 034 |
| Transfers and grants | | 3 405 | 2 659 | 3 548 | 3 483 | 3 558 | 3 558 | 3 558 | 4 986 | 5 285 | 5 602 |
| Other expenditure | 4, 5 | 24 708 | 9 142 | 15 008 | 18 098 | 19 373 | 19 373 | 19 373 | 21 093 | 20 036 | 21 354 |
| Loss on disposal of PPE | | 12 | - | - | 3 | 3 | 3 | 3 | 7 | 7 | 8 |
| Total Expenditure | | 50 383 | 60 571 | 65 924 | 69 873 | 82 805 | 82 805 | 82 805 | 86 298 | 89 153 | 94 618 |

The budgeted allocation for employee related costs for the 2012/13 financial year totals R28,606 million, which equals 33 per cent of the total operating expenditure. Based on the three year collective SALGBC agreement, salary increases have been factored into this budget at a percentage increase of 6.08 per cent for the 2012/13 financial year. An annual increase of 8 per cent has been included in the two outer years of the MTREF.

The cost associated with the remuneration of councillors is determined by the Minister of Co-operative Governance and Traditional Affairs in accordance with the Remuneration of Public Office Bearers Act, 1998 (Act 20 of 1998). The most recent proclamation, Government Gazette 34869 dated 14 December 2012 in this regard has been taken into account in compiling the Municipality's budget.

The provision of debt impairment was determined based on an annual collection rate of 78.7 per cent and the subsidy of the Indigents. For the 2012/13 financial year this amount equates to R3,174 million and escalates to R3,566 million by 2014/15. While this expenditure is considered to be a non-cash flow item, it informed the total cost associated with rendering the services of the municipality, as well as the municipality's realistically anticipated revenues.

Provision for depreciation and asset impairment has been informed by the Municipality's Asset Management Policy. Depreciation is widely considered a proxy for the measurement of the rate asset consumption. Budget appropriations in this regard total R5,724 million for the 2012/13 financial and equates to 6.6 per cent of the total operating expenditure. Note that the implementation of GRAP 17 accounting standard has meant bringing a range of assets previously not included in the assets register onto the register. This has resulted in a significant increase in depreciation relative to previous years.

Finance charges consist primarily of the repayment of interest on long-term borrowing (cost of capital). Finance charges make up 0.75 per cent (R650 thousand) of operating expenditure excluding annual depreciation for 2012/13 and increases to R731 thousand by 2014/15.

Bulk purchases are directly informed by the purchase of Electricity from Eskom and water from AM Conroy. The annual price increases have been factored into the budget appropriations and directly inform the revenue provisions.

After evaluation, several operational inefficiencies were discovered with the existing equipment. In the 2012/13 financial year Contracted Services totals R10,710 million and has escalated by 26 per cent. We have new contract with Nashua for upgrading of printers and photo copiers and that's the reason for the increase. For the two outer years growth has been limited to just 6 per cent

Other expenditure comprises of various line items relating to the daily operations of the municipality. An increase of 8.8 per cent for 2012/13, decrease of 5 per cent for the 2013/14 year and increased again by 6.57 per cent for 2014/15. Further details relating to contracted services can be seen in Table 65 MBRR SA1 (see page 91).

The following table gives a breakdown of the main expenditure categories for the 2012/13 financial year.

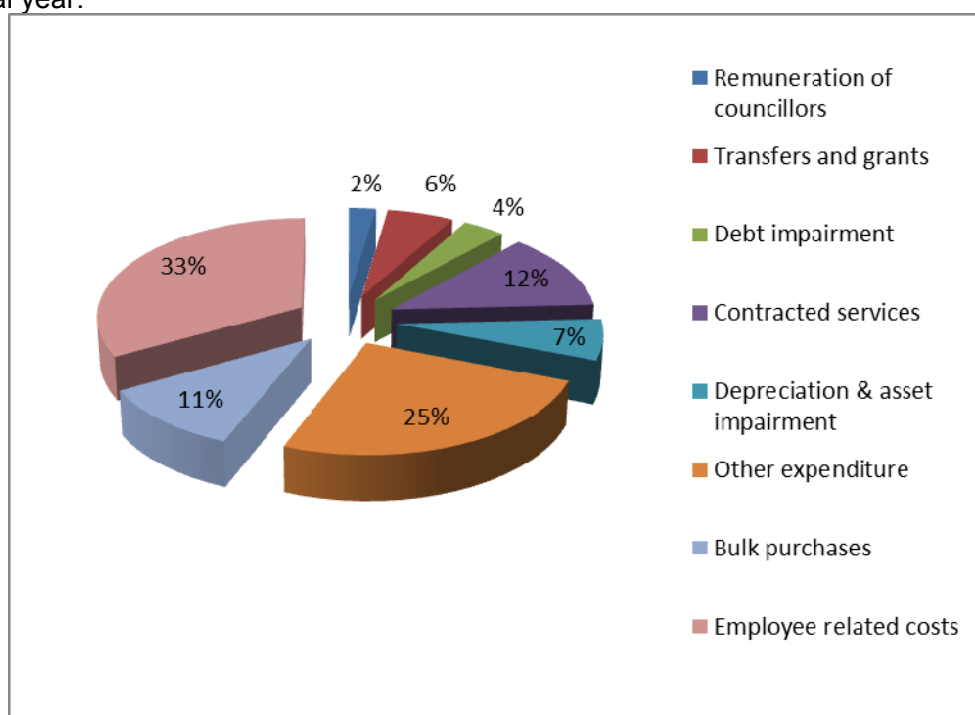


Figure 2: Main operational expenditure categories for the 2012/13 financial year

1.5.1 Priority given to repairs and maintenance

Aligned to the priority being given to preserving and maintaining the Municipality's current infrastructure, the 2012/13 budget and MTREF provide for growth in the area of asset maintenance, as informed by the repairs and maintenance plan of the Municipality. In terms of the Municipal Budget and Reporting Regulations, operational repairs and maintenance is not considered a direct expenditure driver but an outcome of certain other expenditures, such as remuneration, purchases of materials and contracted services. Considering these cost

drivers, the following table is a consolidation of all the expenditures associated with repairs and maintenance:

Table 12 MBRR Operational repairs and maintenance

| Description | 2008/9 | 2009/10 | 2010/11 | Current Year 2011/12 | | | | 2012/13 Medium Term Revenue & Expenditure Framework | | |
|--|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|-------------------|---|------------------------|------------------------|
| | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Pre-audit outcome | Budget Year 2012/13 | Budget Year +1 2013/14 | Budget Year +2 2014/15 |
| R thousand | | | | | | | | | | |
| Repairs and Maintenance by Expenditure Item | | | | | | | | | | |
| Employee related costs | - | - | - | - | - | - | - | - | - | - |
| Other materials | - | - | - | - | - | - | - | - | - | - |
| Contracted Services | - | - | - | - | - | - | - | - | - | - |
| Other Expenditure | 1 134 | 1 553 | 2 154 | 5 434 | 5 572 | 5 572 | 5 572 | 5 026 | 5 328 | 5 647 |
| Total Repairs and Maintenance Expenditure | 1 134 | 1 553 | 2 154 | 5 434 | 5 572 | 5 572 | 5 572 | 5 026 | 5 328 | 5 647 |

Repairs and maintenance was substantially decreased by 546 thousand or 10 per cent in the 2012/13 financial year. However a 6 per cent increase is budgeted over the MTREF. Notwithstanding the reduction in 2012/13 this repair and maintenance remains a priority as can be seen by the budget appropriations over the MTREF.

The table below provides a breakdown of the repairs and maintenance in relation to asset class:

Table 13 Repairs and maintenance per asset class

| Description R thousand | 2008/9 | 2009/10 | 2010/11 | Current Year 2011/12 | | | 2012/13 Medium Term Revenue & Expenditure Framework | | |
|---|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|---|------------------------|------------------------|
| | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Budget Year 2012/13 | Budget Year +1 2013/14 | Budget Year +2 2014/15 |
| EXPENDITURE OTHER ITEMS | | | | | | | | | |
| <u>Depreciation & asset impairment</u> | 4,026 | 5,135 | 5,329 | 5,358 | 5,358 | 5,358 | 5,724 | 6,067 | 6,431 |
| <u>Repairs and Maintenance by Asset Class</u> | 1,134 | 1,553 | 2,154 | 1 312 | 5,572 | 5,572 | 5,026 | 5,328 | 5,647 |
| Infrastructure - Road transport | 65 | 294 | 503 | 377 | 1,155 | 1,155 | 1,110 | 1,177 | 1,247 |
| Infrastructure - Electricity | 125 | 177 | 118 | 120 | 1,670 | 1,670 | 1,665 | 1,765 | 1,871 |
| Infrastructure - Water | 109 | 196 | 330 | 330 | 365 | 365 | 365 | 387 | 410 |
| Infrastructure - Sanitation | 57 | 81 | 22 | 22 | 100 | 100 | 365 | 387 | 410 |
| Infrastructure - Other | 10 | 68 | 34 | 162 | 100 | 100 | 100 | 106 | 112 |
| Infrastructure | 367 | 815 | 1008 | 1 011 | 3,390 | 3,390 | 3,340 | 3,540 | 3,753 |
| Community | 6 | 6 | 2 | 113 | 167 | 167 | 201 | 213 | 226 |
| Heritage assets | - | - | - | - | - | - | - | - | - |
| Investment properties | - | - | - | - | - | - | - | - | - |
| Other assets | 761 | 732 | 1,144 | 188 | 2,015 | 2,015 | 1,485 | 1,574 | 1,669 |
| TOTAL EXPENDITURE OTHER ITEMS | 5,160 | 6,688 | 7,483 | 6,670 | 10,930 | 10,930 | 10,750 | 11,395 | 12,078 |

For the 2012/13 financial year the bulk of repair and maintenance will be spent on infrastructure assets. Electricity has received a significant proportion of this allocation totalling 33 per cent (R1,665 million), followed by other assets at 30 per cent (R1,485 million), Road Transport at 22 per cent (R1,110 million) and Water and Sanitation both at 7.26 per cent (R365 thousand).

1.5.2 Free Basic Services: Basic Social Services Package

The social package assists households that are poor or face other circumstances that limit their ability to pay for services. To receive these free services the households are required to register in terms of the Municipality's Indigent Policy. During the 2012/13 financial year, the process will be reviewed monthly whereby indigents register is updated. Detail relating to free services, cost of free basis services, revenue lost owing to free basic services as well as basic service delivery measurement is contained in Table 27 MBRR A10 (Basic Service Delivery Measurement) on page 36.

The cost of the social package of the registered indigent households is largely financed by national government through the local government equitable share received in terms of the annual Division of Revenue Act.

1.6 Capital expenditure

The following table provides a breakdown of budgeted capital expenditure by vote:

Table 14 2011/12 Medium-term capital budget per vote

| Vote Description R thousand | Current Year 2011/12 | | 2012/13 Medium Term Revenue & Expenditure Framework | | | | | |
|---|----------------------|------------|---|------------|---------------------|------------|---------------------|-------------|
| | Adjusted Budget | % | Budget Year 2012/13 | % | Budget Year 2013/14 | % | Budget Year 2014/15 | % |
| <i>Single-year expenditure to be appropriated</i> | | | | | | | | |
| Vote 1 - Budget & Treasury | 70 | 43% | 150 | 114% | 159 | 6% | 169 | 6% |
| Vote 2 - Community & Social Services | 482 | 25% | 2405 | 647% | 896 | -63% | 949 | 6% |
| Vote 3 - Electricity | 0 | -100% | 0 | 0 | 0 | 0 | 0 | 0 |
| Vote 4 - Executive & Council | 928 | 46% | 460 | -50% | 488 | 6% | 517 | 6% |
| Vote 5 - Health | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Vote 6 - Planning & Development | 5150 | 162% | 4614 | -10% | 7500 | 63% | 12 043 | 71% |
| Vote 7 - Public Safety | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Vote 8 - Sport & Recreation | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Vote 9 - Waste Management | 2950 | 384% | 5336 | 81% | 3700 | -31% | 0 | -100% |
| Vote 10 - Water | 200 | -83% | 0 | -100% | 1750 | 100% | 0 | -100% |
| Total Capital Expenditure - Vote | 9,780 | 59% | 12,965 | 35% | 14,492 | 12% | 14.478 | 0.1% |

For 2011/12 an amount of R8,3 million has been appropriated for the development of infrastructure which represents 87.4 per cent of the total capital budget. Over the MTREF this amount totals R9,950 million, 76.7 per cent for 2012/13, R12,950 million, 89 per cent for 2012/13 and R12,843 million or 88.7 per cent for 2014/15. Waste management receives the highest allocation of R5,336 million in 2012/13 which equates to 41 per cent followed by Planning and development at 35.58 per cent, R4,614 million and then Community and social services at 18.54 per cent, R2,405 million.

Total new assets represent 100 per cent or R12,965 million of the total capital budget. Further detail relating to asset classes and proposed capital expenditure is contained in Table 26 MBRR A9 (Asset Management) on page 34. In addition to the MBRR Table A9, MBRR Tables SA34a, b, c provides a detailed breakdown of the capital programme relating to new asset construction, capital asset renewal as well as operational repairs and maintenance by asset class (refer to pages 84, 85 and 86). Some of the main projects to be undertaken over the medium-term includes, amongst others:

Table 156 2012/13 Medium-term capital projects

| PROJECTS | 2012/13 MTREF | | |
|------------------|---------------|---------|---------|
| | 2012/13 | 2013/14 | 2014/15 |
| Road Transport | 4,614 | 7,500 | 12,843 |
| Waste Management | 5,336 | 3,700 | 0 |
| Water | 0 | 1,750 | 0 |

Furthermore pages 87 to 89 contain a detail breakdown of the capital budget per project over the medium-term.

The following graph provides a breakdown of the capital budget to be spent on infrastructure related projects over the MTREF.

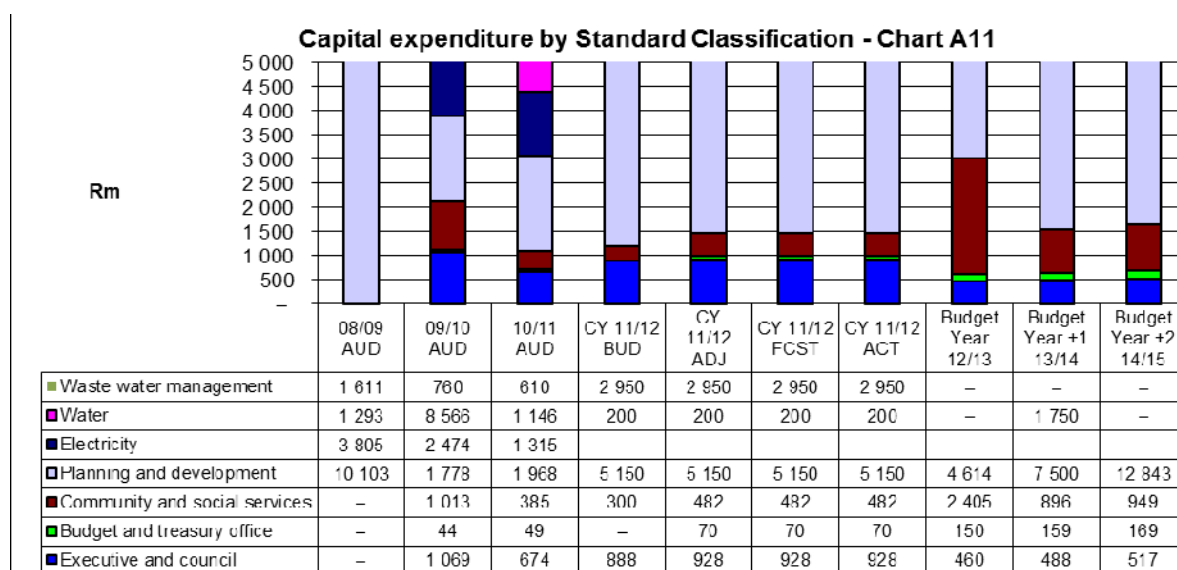


Figure 3: Capital Infrastructure Programme

1.6.1 Future operational cost of new infrastructure

The future operational costs are not available and revenues associated with the capital programme are not included in Table 61 MBRR SA35 on page 87.

1.7 Annual Budget Tables - Parent Municipality

The following eighteen pages present the ten main budget tables as required in terms of section 8 of the Municipal Budget and Reporting Regulations. These tables set out the municipality's 2011/12 budget and MTREF as approved by the Council. Each table is accompanied by *explanatory notes* on the facing page.

Table 17 MBRR Table A1 - Budget Summary

| Description | 2008/9 | 2009/10 | 2010/11 | Current Year 2011/12 | | | | 2012/13 Medium Term Revenue & Expenditure Framework | | |
|--|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|-------------------|---|------------------------|------------------------|
| | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Pre-audit outcome | Budget Year 2012/13 | Budget Year +1 2013/14 | Budget Year +2 2014/15 |
| R thousands | | | | | | | | | | |
| Financial Performance | | | | | | | | | | |
| Property rates | 2 890 | 4 142 | 2 608 | 3 880 | 4 306 | 4 306 | 4 306 | 6 196 | 6 568 | 6 962 |
| Service charges | 11 964 | 12 929 | 15 846 | 11 595 | 14 606 | 14 606 | 14 606 | 21 394 | 22 678 | 24 039 |
| Investment revenue | 864 | 416 | 351 | 250 | 320 | 320 | 320 | 380 | 403 | 427 |
| Transfers recognised - operational | 29 098 | 13 252 | 16 302 | 18 061 | 18 623 | 18 623 | 18 623 | 20 785 | 22 637 | 24 289 |
| Other own revenue | 18 262 | 19 047 | 22 333 | 19 419 | 20 030 | 20 030 | 20 030 | 22 441 | 23 788 | 25 215 |
| Total Revenue (excluding capital transfers and contributions) | 63 077 | 49 786 | 57 440 | 53 205 | 57 885 | 57 885 | 57 885 | 71 197 | 76 073 | 80 932 |
| Employee costs | 11 816 | 13 211 | 17 230 | 23 279 | 24 456 | 24 456 | 24 456 | 28 606 | 30 322 | 32 141 |
| Remuneration of councillors | 1 591 | 1 693 | 1 752 | 1 850 | 2 050 | 2 050 | 2 050 | 2 030 | 2 152 | 2 281 |
| Depreciation & asset impairment | 4 026 | 5 135 | 5 329 | 5 358 | 5 358 | 5 358 | 5 358 | 5 724 | 6 067 | 6 431 |
| Finance charges | 601 | 943 | 907 | 453 | 486 | 486 | 486 | 650 | 689 | 731 |
| Materials and bulk purchases | 4 345 | 5 984 | 7 539 | 8 450 | 10 138 | 10 138 | 10 138 | 9 317 | 9 877 | 10 469 |
| Transfers and grants | 3 405 | 2 659 | 3 548 | 3 483 | 3 558 | 3 558 | 3 558 | 4 986 | 5 285 | 5 602 |
| Other expenditure | 24 600 | 30 946 | 29 618 | 27 000 | 36 760 | 36 760 | 36 760 | 34 984 | 34 760 | 36 962 |
| Total Expenditure | 50 383 | 60 571 | 65 924 | 69 873 | 82 805 | 82 805 | 82 805 | 86 298 | 89 153 | 94 618 |
| Surplus/(Deficit) | 12 693 | (10 785) | (8 485) | (16 668) | (24 921) | (24 921) | (24 921) | (15 101) | (13 079) | (13 686) |
| Transfers recognised - capital | 6 593 | 13 065 | 3 430 | 9 488 | 9 488 | 9 488 | 9 488 | 11 510 | 12 141 | 12 843 |
| Contributions recognised - capital & contributed | - | - | - | - | - | - | - | - | - | - |
| Surplus/(Deficit) after capital transfers & contributions | 19 287 | 2 281 | (5 054) | (7 180) | (15 433) | (15 433) | (15 433) | (3 591) | (938) | (843) |
| Share of surplus/ (deficit) of associate | - | - | - | - | - | - | - | - | - | - |
| Surplus/(Deficit) for the year | 19 287 | 2 281 | (5 054) | (7 180) | (15 433) | (15 433) | (15 433) | (3 591) | (938) | (843) |
| Capital expenditure & funds sources | | | | | | | | | | |
| Capital expenditure | 16 812 | 15 704 | 6 147 | 9 488 | 9 780 | 9 780 | 9 780 | 12 965 | 14 492 | 14 478 |
| Transfers recognised - capital | 6 593 | 13 065 | 3 430 | 9 488 | 9 488 | 9 488 | 9 488 | 11 510 | 12 141 | 12 843 |
| Public contributions & donations | - | - | - | - | - | - | - | - | - | - |
| Borrowing | - | 177 | - | - | - | - | - | - | - | - |
| Internally generated funds | 10 219 | 2 462 | 2 716 | - | 292 | 292 | 292 | 1 455 | 2 351 | 1 635 |
| Total sources of capital funds | 16 812 | 15 704 | 6 147 | 9 488 | 9 780 | 9 780 | 9 780 | 12 965 | 14 492 | 14 478 |
| Financial position | | | | | | | | | | |
| Total current assets | 12 913 | 11 019 | 7 530 | 23 658 | 2 092 | 2 092 | 2 092 | 2 053 | 2 174 | 2 645 |
| Total non current assets | 124 411 | 134 100 | 134 962 | 135 562 | 139 385 | 139 385 | 139 385 | 146 686 | 155 199 | 163 340 |
| Total current liabilities | 7 393 | 12 600 | 15 434 | 8 846 | 29 774 | 29 774 | 29 774 | 40 548 | 49 975 | 59 104 |
| Total non current liabilities | 5 402 | 5 709 | 5 302 | 1 436 | 5 379 | 5 379 | 5 379 | 5 458 | 5 604 | 5 929 |
| Community wealth/Equity | 124 530 | 126 810 | 121 756 | 1 425 | 106 324 | 106 324 | 106 324 | 102 733 | 101 794 | 100 952 |
| Cash flows | | | | | | | | | | |
| Net cash from (used) operating | 12 855 | 21 206 | 5 130 | 13 948 | (8 677) | (8 677) | (8 677) | 2 918 | 5 804 | 5 969 |
| Net cash from (used) investing | (17 196) | (15 158) | (6 321) | (9 748) | (9 708) | (9 708) | (9 708) | (12 800) | (14 343) | (14 319) |
| Net cash from (used) financing | (372) | 38 | (192) | (1 716) | (235) | (235) | (235) | (224) | (196) | (190) |
| Cash/cash equivalents at the year end | (1 216) | 4 870 | 3 487 | 16 390 | (15 133) | (15 133) | (15 133) | (25 239) | (33 973) | (42 514) |
| Cash backing/surplus reconciliation | | | | | | | | | | |
| Cash and investments available | 752 | 6 270 | 4 912 | 10 367 | (13 708) | (13 708) | (13 708) | (23 754) | (32 399) | (40 846) |
| Application of cash and investments | (4 515) | 6 341 | 9 814 | 642 | 10 876 | 10 876 | 10 876 | 11 132 | 11 541 | 11 684 |
| Balance - surplus (shortfall) | 5 267 | (71) | (4 902) | 9 725 | (24 584) | (24 584) | (24 584) | (34 886) | (43 940) | (52 530) |
| Asset management | | | | | | | | | | |
| Asset register summary (WDV) | 122 160 | 132 692 | 133 532 | 20 098 | 137 955 | 137 955 | 145 196 | 145 196 | 153 621 | 161 667 |
| Depreciation & asset impairment | 4 026 | 5 135 | 5 329 | 5 358 | 5 358 | 5 358 | 5 724 | 5 724 | 6 067 | 6 431 |
| Renewal of Existing Assets | - | - | - | - | - | - | - | - | - | - |
| Repairs and Maintenance | 1 134 | 1 553 | 2 154 | - | 5 572 | 5 572 | 5 026 | 5 026 | 5 328 | 5 647 |
| Free services | | | | | | | | | | |
| Cost of Free Basic Services provided | 3 996 | 4 197 | 4 161 | 4 141 | 4 141 | 4 141 | 4 044 | 4 044 | 4 177 | 4 028 |
| Revenue cost of free services provided | 4 051 | 5 985 | 5 337 | 4 938 | 4 888 | 4 888 | 4 650 | 4 650 | 4 873 | 4 761 |
| Households below minimum service level | | | | | | | | | | |
| Water: | - | - | - | - | - | - | - | - | - | - |
| Sanitation/sew erage: | 2 | - | - | 0 | 0 | 0 | 0 | 0 | - | - |
| Energy: | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Refuse: | - | - | - | - | - | - | - | - | - | - |

Explanatory notes to MBRR Table A1 - Budget Summary

- Table A1 is a budget summary and provides a concise overview of the Municipality's budget from all of the major financial perspectives (operating, capital expenditure, financial position, cash flow, and MFMA funding compliance).

2. The table provides an overview of the amounts approved by Council for operating performance, resources deployed to capital expenditure, financial position, cash and funding compliance, as well as the municipality's commitment to eliminating basic service delivery backlogs.
3. Financial management reforms emphasises the importance of the municipal budget being funded. This requires the simultaneous assessment of the Financial Performance, Financial Position and Cash Flow Budgets, along with the Capital Budget. The Budget Summary provides the key information in this regard:
 - a. The operating surplus/deficit (after Total Expenditure) is positive over the MTREF
 - b. Capital expenditure is balanced by capital funding sources, of which
 - i. Transfers recognised is reflected on the Financial Performance Budget;
 - ii. Borrowing is incorporated in the net cash from financing on the Cash Flow Budget
 - iii. Internally generated funds are financed from a combination of the current operating surplus and accumulated cash-backed surpluses from previous years. The amount is incorporated in the Net cash from investing on the Cash Flow Budget. The fact that the municipality's cash flow remains positive, and is improving indicates that the necessary cash resources are available to fund the Capital Budget.
4. The Cash backing/surplus reconciliation shows that in previous financial years the municipality was not paying much attention to managing this aspect of its finances, and consequently many of its obligations are not cash-backed. This places the municipality in a very vulnerable financial position, as the recent slow-down in revenue collections highlighted. Consequently Council has taken a deliberate decision to ensure adequate cash-backing for all material obligations in accordance with the recently adopted Funding and Reserves Policy. This cannot be achieved in one financial year. But over the MTREF there is progressive improvement in the level of cash-backing of obligations. It is anticipated that the goal of having all obligations cash-back will be achieved by 2013/14, when a small surplus is reflected.
5. Even though the Council is placing great emphasis on securing the financial sustainability of the municipality, this is not being done at the expense of services to the poor. The section of Free Services shows that the amount spent on Free Basic Services and the revenue cost of free services provided by the municipality continues to increase. In addition, the municipality continues to make progress in addressing service delivery backlogs. It is anticipated that by 2013/14 the water backlog will have been very nearly eliminated.

Table 18 MBRR Table A2 - Budgeted Financial Performance (revenue and expenditure by standard classification)

| Standard Classification Description | Ref | 2008/9 | 2009/10 | 2010/11 | Current Year 2011/12 | | | 2012/13 Medium Term Revenue & Expenditure Framework | | |
|--|-----|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|---|------------------------|------------------------|
| | | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Budget Year 2012/13 | Budget Year +1 2013/14 | Budget Year +2 2014/15 |
| R thousand | 1 | | | | | | | | | |
| Revenue - Standard | | | | | | | | | | |
| <i>Governance and administration</i> | | 43 372 | 20 088 | 21 110 | 25 274 | 25 517 | 25 517 | 29 016 | 31 362 | 33 538 |
| Executive and council | | 13 | 2 | 383 | 873 | 878 | 878 | 1 033 | 1 305 | 1 531 |
| Budget and treasury office | | 32 680 | 19 608 | 20 370 | 24 098 | 24 400 | 24 400 | 27 552 | 29 601 | 31 523 |
| Corporate services | | 10 679 | 479 | 357 | 303 | 239 | 239 | 431 | 456 | 484 |
| <i>Community and public safety</i> | | 1 072 | 1 233 | 413 | 729 | 767 | 767 | 786 | 833 | 883 |
| Community and social services | | 442 | 952 | 382 | 715 | 743 | 743 | 768 | 814 | 862 |
| Sport and recreation | | 492 | 21 | 15 | 12 | 12 | 12 | 6 | 6 | 7 |
| Public safety | | - | 190 | 8 | 2 | 2 | 2 | 2 | 2 | 2 |
| Housing | | - | - | - | - | - | - | - | - | - |
| Health | | 138 | 69 | 9 | - | 10 | 10 | 10 | 11 | 11 |
| <i>Economic and environmental services</i> | | 6 169 | 17 440 | 21 825 | 16 525 | 26 293 | 26 293 | 31 123 | 32 931 | 34 880 |
| Planning and development | | 1 493 | 1 992 | 1 856 | - | 9 621 | 9 621 | 11 595 | 12 231 | 12 938 |
| Road transport | | 4 675 | 15 448 | 19 968 | 16 525 | 16 672 | 16 672 | 19 529 | 20 700 | 21 942 |
| Environmental protection | | - | - | - | - | - | - | - | - | - |
| <i>Trading services</i> | | 19 025 | 24 064 | 17 495 | 11 627 | 14 634 | 14 634 | 21 452 | 22 739 | 24 104 |
| Electricity | | 9 193 | 7 805 | 8 019 | 5 315 | 6 924 | 6 924 | 10 206 | 10 818 | 11 467 |
| Water | | 5 454 | 12 280 | 4 037 | 2 117 | 3 485 | 3 485 | 3 458 | 3 666 | 3 886 |
| Waste water management | | 2 425 | 1 743 | 3 014 | 1 603 | 1 722 | 1 722 | 4 519 | 4 790 | 5 078 |
| Waste management | | 1 952 | 2 236 | 2 425 | 2 593 | 2 503 | 2 503 | 3 268 | 3 464 | 3 672 |
| <i>Other</i> | 4 | 33 | 26 | 27 | - | 162 | 162 | 330 | 350 | 371 |
| Total Revenue - Standard | 2 | 69 670 | 62 851 | 60 870 | 54 155 | 67 373 | 67 373 | 82 707 | 88 214 | 93 775 |
| Expenditure - Standard | | | | | | | | | | |
| <i>Governance and administration</i> | | 27 139 | 19 567 | 17 080 | 30 255 | 35 921 | 35 921 | 29 160 | 28 586 | 30 418 |
| Executive and council | | 2 752 | 3 654 | 3 628 | - | 4 257 | 4 257 | 6 304 | 4 562 | 4 836 |
| Budget and treasury office | | 21 993 | 13 695 | 10 448 | 29 267 | 21 796 | 21 796 | 16 354 | 17 133 | 18 277 |
| Corporate services | | 2 395 | 2 218 | 3 005 | 989 | 9 869 | 9 869 | 6 501 | 6 892 | 7 305 |
| <i>Community and public safety</i> | | 1 482 | 826 | 999 | 1 695 | 2 089 | 2 089 | 2 709 | 2 871 | 3 044 |
| Community and social services | | 834 | 638 | 685 | 1 695 | 1 682 | 1 682 | 2 225 | 2 358 | 2 500 |
| Sport and recreation | | 479 | 24 | 1 | - | 120 | 120 | 148 | 157 | 167 |
| Public safety | | 29 | 15 | 163 | - | 186 | 186 | 336 | 356 | 377 |
| Housing | | - | - | - | - | - | - | - | - | - |
| Health | | 140 | 149 | 149 | - | 100 | 100 | - | - | - |
| <i>Economic and environmental services</i> | | 5 789 | 18 647 | 25 244 | 3 435 | 19 745 | 19 745 | 27 850 | 29 521 | 31 292 |
| Planning and development | | 4 018 | 4 113 | 4 883 | - | 6 036 | 6 036 | 8 389 | 8 892 | 9 425 |
| Road transport | | 1 771 | 14 535 | 20 361 | 3 435 | 13 709 | 13 709 | 19 462 | 20 629 | 21 867 |
| Environmental protection | | - | - | - | - | - | - | - | - | - |
| <i>Trading services</i> | | 15 923 | 21 503 | 22 596 | - | 25 015 | 25 015 | 26 524 | 28 115 | 29 802 |
| Electricity | | 5 753 | 8 010 | 9 570 | - | 14 022 | 14 022 | 14 099 | 14 945 | 15 842 |
| Water | | 4 991 | 5 405 | 5 498 | - | 2 723 | 2 723 | 4 383 | 4 646 | 4 924 |
| Waste water management | | 3 112 | 4 263 | 4 180 | - | 4 676 | 4 676 | 4 321 | 4 580 | 4 855 |
| Waste management | | 2 067 | 3 825 | 3 349 | - | 3 594 | 3 594 | 3 721 | 3 944 | 4 181 |
| <i>Other</i> | 4 | 50 | 27 | 5 | - | 35 | 35 | 55 | 59 | 62 |
| Total Expenditure - Standard | 3 | 50 383 | 60 571 | 65 924 | 35 385 | 82 805 | 82 805 | 86 298 | 89 153 | 94 618 |
| Surplus/(Deficit) for the year | | 19 287 | 2 281 | (5 054) | 18 770 | (15 433) | (15 433) | (3 591) | (938) | (843) |

Explanatory notes to MBRR Table A2 - Budgeted Financial Performance (revenue and expenditure by standard classification)

1. Table A2 is a view of the budgeted financial performance in relation to revenue and expenditure per standard classification. The modified GFS standard classification divides the municipal services into 15 functional areas. Municipal revenue, operating expenditure and capital expenditure are then classified in terms of each of these functional areas which enables the National Treasury to compile 'whole of government' reports.
2. Note the Total Revenue on this table includes capital revenues (Transfers recognised – capital) and so does not balance to the operating revenue shown on Table A4.
3. Note that as a general principle the revenues for the Trading Services should exceed their expenditures. The table highlights that this is the case for Electricity, Water and

- Waste water functions, but not the Waste management function. As already noted above, the municipality will be undertaking a detailed study of this function to explore ways of improving efficiencies and provide a basis for re-evaluating the function's tariff structure.
4. Other functions that show a deficit between revenue and expenditure are being financed from rates revenues and other revenue sources reflected under the Corporate Services.

Table 169 MBRR Table A3 - Budgeted Financial Performance (revenue and expenditure by municipal vote)

| Vote Description R thousand | Ref | 2008/9 | 2009/10 | 2010/11 | Current Year 2011/12 | | | 2012/13 Medium Term Revenue & Expenditure Framework | | |
|---|----------|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|---|------------------------|------------------------|
| | | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Budget Year 2012/13 | Budget Year +1 2013/14 | Budget Year +2 2014/15 |
| Revenue by Vote | 1 | | | | | | | | | |
| Vote 1 - Budget & Treasury | | 32 680 | 19 608 | 20 370 | 40 926 | 24 400 | 24 400 | 27 552 | 29 601 | 31 523 |
| Vote 2 - Community & Social Services | | 15 579 | 16 604 | 20 182 | 715 | 17 626 | 17 626 | 20 664 | 21 904 | 23 218 |
| Vote 3 - Electricity | | 9 193 | 7 805 | 8 019 | 5 315 | 6 924 | 6 924 | 10 206 | 10 818 | 11 467 |
| Vote 4 - Executive & Council | | 264 | 302 | 692 | 873 | 1 066 | 1 066 | 1 423 | 1 718 | 1 969 |
| Vote 5 - Health | | 138 | 69 | 9 | 150 | 10 | 10 | 10 | 11 | 11 |
| Vote 6 - Planning & Development | | 1 493 | 1 992 | 2 100 | 95 | 9 624 | 9 624 | 11 597 | 12 233 | 12 941 |
| Vote 7 - Public Safety | | - | 190 | 8 | 2 | 2 | 2 | 2 | 2 | 2 |
| Vote 8 - Sport & Recreation | | 492 | 21 | 15 | 12 | 12 | 12 | 6 | 6 | 7 |
| Vote 9 - Waste Management | | 4 378 | 3 979 | 5 439 | 4 196 | 4 224 | 4 224 | 7 788 | 8 255 | 8 750 |
| Vote 10 - Water | | 5 454 | 12 280 | 4 037 | 2 117 | 3 485 | 3 485 | 3 458 | 3 666 | 3 886 |
| Vote 11 - [NAME OF VOTE 11] | | - | - | - | - | - | - | - | - | - |
| Vote 12 - [NAME OF VOTE 12] | | - | - | - | - | - | - | - | - | - |
| Vote 13 - [NAME OF VOTE 13] | | - | - | - | - | - | - | - | - | - |
| Vote 14 - [NAME OF VOTE 14] | | - | - | - | - | - | - | - | - | - |
| Vote 15 - [NAME OF VOTE 15] | | - | - | - | - | - | - | - | - | - |
| Total Revenue by Vote | 2 | 69 670 | 62 851 | 60 870 | 54 400 | 67 373 | 67 373 | 82 707 | 88 214 | 93 775 |
| Expenditure by Vote to be appropriated | 1 | | | | | | | | | |
| Vote 1 - Budget & Treasury | | 21 993 | 13 695 | 10 448 | 33 690 | 21 796 | 21 796 | 16 354 | 17 133 | 18 277 |
| Vote 2 - Community & Social Services | | 3 658 | 14 249 | 18 066 | 1 695 | 22 383 | 22 383 | 22 687 | 24 048 | 25 491 |
| Vote 3 - Electricity | | 5 753 | 8 010 | 9 570 | 12 312 | 14 022 | 14 022 | 14 099 | 14 945 | 15 842 |
| Vote 4 - Executive & Council | | 3 380 | 3 859 | 3 817 | 4 278 | 5 215 | 5 215 | 7 278 | 5 594 | 5 930 |
| Vote 5 - Health | | 140 | 149 | 149 | 323 | 100 | 100 | - | - | - |
| Vote 6 - Planning & Development | | 4 782 | 7 078 | 10 685 | 7 059 | 7 989 | 7 989 | 12 971 | 13 749 | 14 574 |
| Vote 7 - Public Safety | | 29 | 15 | 163 | 182 | 186 | 186 | 336 | 356 | 377 |
| Vote 8 - Sport & Recreation | | 479 | 24 | 1 | 169 | 120 | 120 | 148 | 157 | 167 |
| Vote 9 - Waste Management | | 5 179 | 8 088 | 7 529 | 7 645 | 8 270 | 8 270 | 8 042 | 8 525 | 9 036 |
| Vote 10 - Water | | 4 991 | 5 405 | 5 498 | 3 720 | 2 723 | 2 723 | 4 383 | 4 646 | 4 924 |
| Vote 11 - [NAME OF VOTE 11] | | - | - | - | - | - | - | - | - | - |
| Vote 12 - [NAME OF VOTE 12] | | - | - | - | - | - | - | - | - | - |
| Vote 13 - [NAME OF VOTE 13] | | - | - | - | - | - | - | - | - | - |
| Vote 14 - [NAME OF VOTE 14] | | - | - | - | - | - | - | - | - | - |
| Vote 15 - [NAME OF VOTE 15] | | - | - | - | - | - | - | - | - | - |
| Total Expenditure by Vote | 2 | 50 383 | 60 571 | 65 924 | 71 073 | 82 805 | 82 805 | 86 298 | 89 153 | 94 618 |
| Surplus/(Deficit) for the year | 2 | 19 287 | 2 281 | (5 054) | (16 673) | (15 433) | (15 433) | (3 591) | (938) | (843) |

Explanatory notes to MBRR Table A3 - Budgeted Financial Performance (revenue and expenditure by municipal vote)

- Table A3 is a view of the budgeted financial performance in relation to the revenue and expenditure per municipal vote. This table facilitates the view of the budgeted operating performance in relation to the organisational structure of the Municipality. This means it is possible to present the operating surplus or deficit of a vote. The following table is an analysis of the surplus or deficit for the Electricity and water trading services.

Table 20 Surplus/(Deficit) calculations for the trading services

| Description | 2008/9 | 2009/10 | 2010/11 | Current Year 2011/12 | | | | 2012/13 Medium Term Revenue & Expenditure Framework | | |
|--|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|-------------------|---|------------------------|------------------------|
| | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Pre-audit outcome | Budget Year 2012/13 | Budget Year +1 2013/14 | Budget Year +2 2014/15 |
| R thousand | | | | | | | | | | |
| Electricity | | | | | | | | | | |
| Total revenue (Incl capital grant and transfers) | 4,834 | 5,866 | 7,262 | 5,290 | 6,919 | 6,919 | 6,919 | 10,178 | 10,788 | 11,436 |
| Bulk Purchases | 3,921 | 5,554 | 7,113 | 8 000 | 9 658 | 9 658 | 9 658 | 8 834 | 9 364 | 9 926 |
| Surplus/ (deficit) for the year | 1 077 | 312 | 149 | -2 710 | -2 739 | -2 739 | -2 739 | 1 665 | 1 765 | 1 870 |
| Percentage Surplus | 21.5% | 5.3% | 2.05% | -51% | -40% | -40% | -40% | 15.9% | 15.9% | 15.9% |
| Water | | | | | | | | | | |
| Total revenue (Incl capital grant and transfers) | 3 007 | 3 232 | 3 807 | 2 109 | 3 464 | 3 464 | 3 464 | 3 792 | 4 020 | 4 261 |
| Bulk Purchases | 424 | 430 | 426 | 450 | 480 | 480 | 480 | 483 | 512 | 543 |
| Surplus/ (deficit) for the year | 2 583 | 2 802 | 3 381 | 1 659 | 2 984 | 2 984 | 2 984 | 3 309 | 3 508 | 3 718 |
| Percentage surplus | 85.9% | 87% | 88.8% | 78.7% | 86.1% | 86.1% | 86.1% | 87.3% | 87.3% | 87.3% |

- The Electricity trading deficit deteriorates from 2.05% surplus in 2010/11 to -40% in 2011/12. This is primarily as a result of the high increases in Eskom bulk purchases and the tariff setting policy of the municipality to buffer the impact of these increases on individual consumers. A surplus of 15.9% is budgeted over the MTREF.
- In year 2011/2012 the municipality had a water surplus of R2 984 million and increased to R3 309 million in 2012/13. A surplus of 87.3% is budgeted over the MTREF.

Table 17 MBRR Table A4 - Budgeted Financial Performance (revenue and expenditure by type)

| Description | | Ref | 2008/9 | 2009/10 | 2010/11 | Current Year 2011/12 | | | | 2012/13 Medium Term Revenue & Expenditure Framework | | |
|---|------|-----|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|-------------------|---|------------------------|------------------------|
| R thousand | 1 | | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Pre-audit outcome | Budget Year 2012/13 | Budget Year +1 2013/14 | Budget Year +2 2014/15 |
| Revenue By Source | | | | | | | | | | | | |
| Property rates | 2 | | 2 890 | 4 142 | 2 608 | 3 880 | 4 306 | 4 306 | 4 306 | 6 196 | 6 568 | 6 962 |
| Property rates - penalties & collection charges | | | – | – | – | – | – | – | – | – | – | – |
| Service charges - electricity revenue | 2 | | 4 834 | 5 866 | 7 262 | 5 290 | 6 919 | 6 919 | 6 919 | 10 178 | 10 788 | 11 436 |
| Service charges - water revenue | 2 | | 2 957 | 3 232 | 3 807 | 2 109 | 3 464 | 3 464 | 3 464 | 3 431 | 3 637 | 3 856 |
| Service charges - sanitation revenue | 2 | | 2 220 | 1 596 | 2 344 | 1 603 | 1 720 | 1 720 | 1 720 | 4 517 | 4 788 | 5 075 |
| Service charges - refuse revenue | 2 | | 1 952 | 2 235 | 2 433 | 2 593 | 2 503 | 2 503 | 2 503 | 3 268 | 3 464 | 3 672 |
| Service charges - other | | | – | – | – | – | – | – | – | – | – | – |
| Rental of facilities and equipment | | | 348 | 410 | 409 | 499 | 442 | 442 | 442 | 621 | 658 | 698 |
| Interest earned - external investments | | | 864 | 416 | 351 | 250 | 320 | 320 | 320 | 380 | 403 | 427 |
| Interest earned - outstanding debtors | | | 1 521 | 1 738 | 1 604 | 1 800 | 1 800 | 1 800 | 1 800 | 1 800 | 1 908 | 2 022 |
| Dividends received | | | – | – | – | – | – | – | – | – | – | – |
| Fines | | | 4 442 | 15 149 | 19 134 | 16 108 | 16 088 | 16 088 | 16 088 | 19 090 | 20 235 | 21 449 |
| Licences and permits | | | 235 | 301 | 475 | 420 | 564 | 564 | 564 | 419 | 444 | 471 |
| Agency services | | | 41 | 14 | 15 | 20 | 12 | 12 | 12 | 12 | 13 | 13 |
| Transfers recognised - operational | | | 29 098 | 13 252 | 16 302 | 18 061 | 18 623 | 18 623 | 18 623 | 20 785 | 22 637 | 24 289 |
| Other revenue | 2 | | 11 666 | 1 431 | 673 | 516 | 1 049 | 1 049 | 1 049 | 275 | 291 | 309 |
| Gains on disposal of PPE | | | 9 | 3 | 25 | 56 | 75 | 75 | 75 | 225 | 239 | 253 |
| Total Revenue (excluding capital transfers and contributions) | | | 63 077 | 49 786 | 57 440 | 53 205 | 57 885 | 57 885 | 57 885 | 71 197 | 76 073 | 80 932 |
| Expenditure By Type | | | | | | | | | | | | |
| Employee related costs | 2 | | 11 816 | 13 211 | 17 230 | 23 279 | 24 456 | 24 456 | 24 456 | 28 606 | 30 322 | 32 141 |
| Remuneration of councillors | | | 1 591 | 1 693 | 1 752 | 1 850 | 2 050 | 2 050 | 2 050 | 2 030 | 2 152 | 2 281 |
| Debt impairment | 3 | | (239) | 11 932 | 3 070 | 8 899 | 8 899 | 8 899 | 8 899 | 3 174 | 3 364 | 3 566 |
| Depreciation & asset impairment | 2 | | 4 026 | 5 135 | 5 329 | 5 358 | 5 358 | 5 358 | 5 358 | 5 724 | 6 067 | 6 431 |
| Finance charges | | | 601 | 943 | 907 | 453 | 486 | 486 | 486 | 650 | 689 | 731 |
| Bulk purchases | 2 | | 4 345 | 5 984 | 7 539 | 8 450 | 10 138 | 10 138 | 10 138 | 9 317 | 9 877 | 10 469 |
| Other materials | 8 | | – | – | – | – | – | – | – | – | – | – |
| Contracted services | | | 120 | 9 873 | 11 540 | – | 8 485 | 8 485 | 8 485 | 10 710 | 11 353 | 12 034 |
| Transfers and grants | | | 3 405 | 2 659 | 3 548 | 3 483 | 3 558 | 3 558 | 3 558 | 4 986 | 5 285 | 5 602 |
| Other expenditure | 4, 5 | | 24 708 | 9 142 | 15 008 | 18 098 | 19 373 | 19 373 | 19 373 | 21 093 | 20 036 | 21 354 |
| Loss on disposal of PPE | | | 12 | – | – | 3 | 3 | 3 | 3 | 7 | 7 | 8 |
| Total Expenditure | | | 50 383 | 60 571 | 65 924 | 69 873 | 82 805 | 82 805 | 82 805 | 86 298 | 89 153 | 94 618 |
| Surplus/(Deficit) | | | 12 693 | (10 785) | (8 485) | (16 668) | (24 921) | (24 921) | (24 921) | (15 101) | (13 079) | (13 686) |
| Transfers recognised - capital | | | 6 593 | 13 065 | 3 430 | 9 488 | 9 488 | 9 488 | 9 488 | 11 510 | 12 141 | 12 843 |
| Contributions recognised - capital | 6 | | – | – | – | – | – | – | – | – | – | – |
| Contributed assets | | | – | – | – | – | – | – | – | – | – | – |
| Surplus/(Deficit) after capital transfers & contributions | | | 19 287 | 2 281 | (5 054) | (7 180) | (15 433) | (15 433) | (15 433) | (3 591) | (938) | (843) |
| Taxation | | | – | – | – | – | – | – | – | – | – | – |
| Surplus/(Deficit) after taxation | | | 19 287 | 2 281 | (5 054) | (7 180) | (15 433) | (15 433) | (15 433) | (3 591) | (938) | (843) |
| Attributable to minorities | | | – | – | – | – | – | – | – | – | – | – |
| Surplus/(Deficit) attributable to municipality | | | 19 287 | 2 281 | (5 054) | (7 180) | (15 433) | (15 433) | (15 433) | (3 591) | (938) | (843) |
| Share of surplus/ (deficit) of associate | 7 | | – | – | – | – | – | – | – | – | – | – |
| Surplus/(Deficit) for the year | | | 19 287 | 2 281 | (5 054) | (7 180) | (15 433) | (15 433) | (15 433) | (3 591) | (938) | (843) |

Explanatory notes to Table A4 - Budgeted Financial Performance (revenue and expenditure)

- Total revenue is R71,197 million in 2012/13 and escalates to R80,932 million by 2014/15. This represents a year-on-year increase of 6.8 per cent for the 2013/14 financial year and 6.38 per cent for the 2014/15 financial year.
- Revenue to be generated from property rates is R6 million in the 2012/13 financial year and increases to R6,9 million by 2014/15 which represents 8.7 per cent of the operating revenue base of the Municipality and therefore remains a significant funding source for the municipality. It remains relatively constant over the medium-term and tariff increases have been factored in at 9 per cent for each of the respective financial years over the MTREF.

3. Fines constitute 27 per cent or R19,090 million of the revenue basket. The reason is the service agreement with TIFS in Richmond and Victoria West where speed cameras are installed
4. Services charges relating to Electricity, water, sanitation and refuse removal constitutes the biggest component of the revenue basket of the Municipality totalling R22,977 million for the 2012/13 financial year and increasing to R24,977 million by 2014/15. For the 2012/13 financial year services charges amount to 31 per cent of the total revenue base and remain the same over the medium-term.
5. Transfers recognised – operating includes the local government equitable share and other operating grants from national and provincial government. It needs to be noted that in real terms the grants receipts from national government are growing rapidly over the MTREF by 9 per cent and 7 per cent for the two outer years. The percentage share of this revenue source declines due to the more rapid relative growth in service charge revenues.
6. The following graph illustrates the major expenditure items per type.

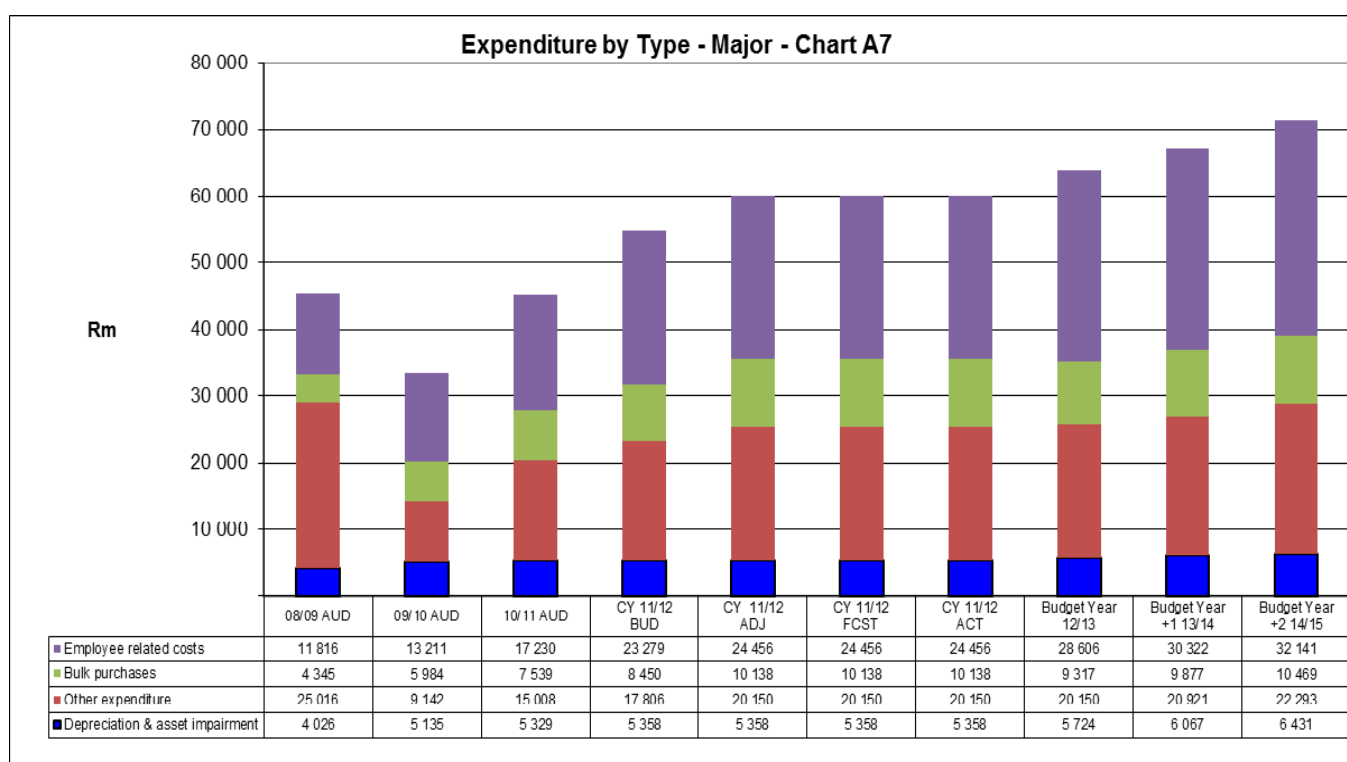


Figure 4: Expenditure by major type

7. Bulk purchases have significantly increased from 2010/11 to 2011/12 period escalating from R7,5 million to R10,138 million. Bulk purchases decreased in 2012/13 to R 9,3 million and escalated further to R10,469 in 2014/15. These increases can be attributed to the substantial increase in the cost of bulk Electricity from Eskom and water from AM Conroy.

8. Employee related costs and bulk purchases are the main cost drivers within the municipality and alternative operational gains and efficiencies will have to be identified to lessen the impact of wage and bulk tariff increases in future years.

Table 18 MBRR Table A5 - Budgeted Capital Expenditure by vote, standard classification and funding source

| Vote Description | Ref | 2008/9 | 2009/10 | 2010/11 | Current Year 2011/12 | | | | 2012/13 Medium Term Revenue & Expenditure Framework | | |
|---|-----|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|-------------------|---|------------------------|------------------------|
| | | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Pre-audit outcome | Budget Year 2012/13 | Budget Year +1 2013/14 | Budget Year +2 2014/15 |
| R thousand | 1 | | | | | | | | | | |
| Capital expenditure - Vote | | | | | | | | | | | |
| Multi-year expenditure to be appropriated | 2 | | | | | | | | | | |
| Vote 1 - Budget & Treasury | | - | - | - | - | - | - | - | - | - | - |
| Vote 2 - Community & Social Services | | - | - | - | - | - | - | - | - | - | - |
| Vote 3 - Electricity | | - | - | - | - | - | - | - | - | - | - |
| Vote 4 - Executive & Council | | - | - | - | - | - | - | - | - | - | - |
| Vote 5 - Health | | - | - | - | - | - | - | - | - | - | - |
| Vote 6 - Planning & Development | | - | - | - | - | - | - | - | - | - | - |
| Vote 7 - Public Safety | | - | - | - | - | - | - | - | - | - | - |
| Vote 8 - Sport & Recreation | | - | - | - | - | - | - | - | - | - | - |
| Vote 9 - Waste Management | | - | - | - | - | - | - | - | - | - | - |
| Vote 10 - Water | | - | - | - | - | - | - | - | - | - | - |
| Vote 11 - [NAME OF VOTE 11] | | - | - | - | - | - | - | - | - | - | - |
| Vote 12 - [NAME OF VOTE 12] | | - | - | - | - | - | - | - | - | - | - |
| Vote 13 - [NAME OF VOTE 13] | | - | - | - | - | - | - | - | - | - | - |
| Vote 14 - [NAME OF VOTE 14] | | - | - | - | - | - | - | - | - | - | - |
| Vote 15 - [NAME OF VOTE 15] | | - | - | - | - | - | - | - | - | - | - |
| Capital multi-year expenditure sub-total | 7 | - | - | - | - | - | - | - | - | - | - |
| Single-year expenditure to be appropriated | 2 | | | | | | | | | | |
| Vote 1 - Budget & Treasury | | - | 44 | 49 | 70 | 70 | 70 | 70 | 150 | 159 | 169 |
| Vote 2 - Community & Social Services | | - | 1 013 | 385 | 482 | 322 | 322 | 322 | 2 405 | 896 | 949 |
| Vote 3 - Electricity | | 3 805 | 2 474 | 1 315 | - | - | - | - | - | - | - |
| Vote 4 - Executive & Council | | - | 1 069 | 674 | 928 | 928 | 928 | 928 | 460 | 488 | 517 |
| Vote 5 - Health | | - | - | - | - | - | - | - | - | - | - |
| Vote 6 - Planning & Development | | 10 103 | 1 778 | 1 968 | 5 150 | 5 150 | 5 150 | 5 150 | 4 614 | 7 500 | 12 843 |
| Vote 7 - Public Safety | | - | - | - | - | - | - | - | - | - | - |
| Vote 8 - Sport & Recreation | | - | - | - | - | - | - | - | - | - | - |
| Vote 9 - Waste Management | | 1 610 | 760 | 610 | 2 950 | 2 950 | 2 950 | 2 950 | 5 336 | 3 700 | - |
| Vote 10 - Water | | 1 293 | 8 566 | 1 146 | 200 | 200 | 200 | 200 | - | 1 750 | - |
| Vote 11 - [NAME OF VOTE 11] | | - | - | - | - | - | - | - | - | - | - |
| Vote 12 - [NAME OF VOTE 12] | | - | - | - | - | - | - | - | - | - | - |
| Vote 13 - [NAME OF VOTE 13] | | - | - | - | - | - | - | - | - | - | - |
| Vote 14 - [NAME OF VOTE 14] | | - | - | - | - | - | - | - | - | - | - |
| Vote 15 - [NAME OF VOTE 15] | | - | - | - | - | - | - | - | - | - | - |
| Capital single-year expenditure sub-total | | 16 812 | 15 704 | 6 147 | 9 780 | 9 620 | 9 620 | 9 620 | 12 965 | 14 492 | 14 478 |
| Total Capital Expenditure - Vote | | 16 812 | 15 704 | 6 147 | 9 780 | 9 620 | 9 620 | 9 620 | 12 965 | 14 492 | 14 478 |
| Capital Expenditure - Standard | | | | | | | | | | | |
| <i>Governance and administration</i> | | - | 1 113 | 723 | 998 | 998 | 998 | 998 | 610 | 647 | 685 |
| Executive and council | | - | 1 069 | 674 | 928 | 928 | 928 | 928 | 460 | 488 | 517 |
| Budget and treasury office | | - | 44 | 49 | 70 | 70 | 70 | 70 | 150 | 159 | 169 |
| Corporate services | | - | - | - | - | - | - | - | - | - | - |
| <i>Community and public safety</i> | | - | 1 013 | 385 | 482 | 322 | 322 | 322 | 2 405 | 896 | 949 |
| Community and social services | | - | 1 013 | 385 | 482 | 322 | 322 | 322 | 2 405 | 896 | 949 |
| Sport and recreation | | - | - | - | - | - | - | - | - | - | - |
| Public safety | | - | - | - | - | - | - | - | - | - | - |
| Housing | | - | - | - | - | - | - | - | - | - | - |
| Health | | - | - | - | - | - | - | - | - | - | - |
| <i>Economic and environmental services</i> | | 10 103 | 1 778 | 1 968 | 5 150 | 5 150 | 5 150 | 5 150 | 4 614 | 7 500 | 12 843 |
| Planning and development | | 10 103 | 1 778 | 1 968 | 5 150 | 5 150 | 5 150 | 5 150 | 4 614 | 7 500 | 12 843 |
| Road transport | | - | - | - | - | - | - | - | - | - | - |
| Environmental protection | | - | - | - | - | - | - | - | - | - | - |
| <i>Trading services</i> | | 6 709 | 11 801 | 3 071 | 3 150 | 3 150 | 3 150 | 3 150 | 5 336 | 5 450 | - |
| Electricity | | 3 805 | 2 474 | 1 315 | - | - | - | - | - | - | - |
| Water | | 1 293 | 8 566 | 1 146 | 200 | 200 | 200 | 200 | - | 1 750 | - |
| Waste water management | | 1 610 | 760 | 610 | 2 950 | 2 950 | 2 950 | 2 950 | - | 3 700 | - |
| Waste management | | - | - | - | - | - | - | - | 5 336 | - | - |
| <i>Other</i> | | - | - | - | - | - | - | - | - | - | - |
| Total Capital Expenditure - Standard | 3 | 16 812 | 15 704 | 6 147 | 9 780 | 9 620 | 9 620 | 9 620 | 12 965 | 14 492 | 14 478 |
| Funded by: | | | | | | | | | | | |
| National Government | | 5 560 | 13 065 | 2 124 | 9 488 | 9 488 | 9 488 | 9 488 | 11 510 | 12 141 | 12 843 |
| Provincial Government | | - | - | 1 307 | - | - | - | - | - | - | - |
| District Municipality | | - | - | - | - | - | - | - | - | - | - |
| Other transfers and grants | | 1 033 | - | - | - | - | - | - | - | - | - |
| Transfers recognised - capital | 4 | 6 593 | 13 065 | 3 430 | 9 488 | 9 488 | 9 488 | 9 488 | 11 510 | 12 141 | 12 843 |
| Public contributions & donations | 5 | - | - | - | - | - | - | - | - | - | - |
| Borrowing | 6 | - | 177 | - | - | - | - | - | - | - | - |
| Internally generated funds | | 10 219 | 2 462 | 2 716 | 292 | 132 | 132 | 132 | 1 455 | 2 351 | 1 635 |
| Total Capital Funding | 7 | 16 812 | 15 704 | 6 147 | 9 780 | 9 620 | 9 620 | 9 620 | 12 965 | 14 492 | 14 478 |

Explanatory notes to Table A5 - Budgeted Capital Expenditure by vote, standard classification and funding source

1. Table A5 is a breakdown of the capital programme in relation to capital expenditure by municipal vote (multi-year and single-year appropriations); capital expenditure by standard classification; and the funding sources necessary to fund the capital budget, including information on capital transfers from national and provincial departments.
2. The MFMA provides that a municipality may approve multi-year or single-year capital budget appropriations.
3. Single-year capital expenditure has been appropriated at R12,965 million for the 2012/13 financial year and increases over the MTREF to R14,492 million and decreases to R14,478 million in the two outer years.
4. Single-year appropriations relate to expenditure that will be incurred in the specific budget year such as the procurement of vehicles and specialized tools and equipment. The budget appropriations for the two outer years are indicative allocations based on the departmental business plans as informed by the IDP and will be reviewed on an annual basis to assess the relevance of the expenditure in relation to the strategic objectives and service delivery imperatives of the Municipality. For the purpose of funding assessment of the MTREF, these appropriations have been included but no commitments will be incurred against single-year appropriations for the two outer-years.
5. The capital programme is funded from capital and provincial grants and transfers, from current year surpluses. For 2012/13, capital transfers totals R11,510 million (88.77 per cent) and escalates to 2014/15 R14,478 million (88.7 per cent). These funding sources are further discussed in detail in 2.6 (Overview of Budget Funding)

Table 193 MBRR Table A6 - Budgeted Financial Position

| Description | Ref | 2008/9 | 2009/10 | 2010/11 | Current Year 2011/12 | | | | 2012/13 Medium Term Revenue & Expenditure Framework | | |
|--|-----|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|-------------------|---|------------------------|------------------------|
| | | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Pre-audit outcome | Budget Year 2012/13 | Budget Year +1 2013/14 | Budget Year +2 2014/15 |
| R thousand | | | | | | | | | | | |
| ASSETS | | | | | | | | | | | |
| Current assets | | | | | | | | | | | |
| Cash | | 213 | 676 | 583 | 629 | (0) | (0) | (0) | - | - | (0) |
| Call investment deposits | 1 | 355 | 4 219 | 4 486 | 9 167 | - | - | - | - | - | - |
| Consumer debtors | 1 | 6 089 | 1 891 | 1 977 | 9 710 | 1 338 | 1 338 | 1 338 | 1 361 | 1 502 | 1 993 |
| Other debtors | | 5 823 | 3 852 | 306 | 4 041 | 612 | 612 | 612 | 612 | 612 | 612 |
| Current portion of long-term receivables | | - | - | - | - | - | - | - | - | - | - |
| Inv entory | 2 | 434 | 380 | 179 | 112 | 143 | 143 | 143 | 80 | 60 | 40 |
| Total current assets | | 12 913 | 11 019 | 7 530 | 23 658 | 2 092 | 2 092 | 2 092 | 2 053 | 2 174 | 2 645 |
| Non current assets | | | | | | | | | | | |
| Long-term receivables | | 282 | 6 | 4 | 260 | 4 | 4 | 4 | 4 | 4 | 4 |
| Investments | | 1 968 | 1 401 | 1 425 | 1 401 | 1 425 | 1 425 | 1 425 | 1 485 | 1 574 | 1 668 |
| Investment property | | 15 944 | 15 925 | 15 907 | 19 984 | 15 907 | 15 907 | 15 907 | 15 888 | 15 869 | 15 851 |
| Investment in Associate | | - | - | - | - | - | - | - | - | - | - |
| Property, plant and equipment | 3 | 106 113 | 116 658 | 117 503 | 113 803 | 121 926 | 121 926 | 121 926 | 129 194 | 137 647 | 145 729 |
| Agricultural | | - | - | - | - | - | - | - | - | - | - |
| Biological | | 103 | 66 | 87 | 87 | 87 | 87 | 87 | 87 | 87 | 87 |
| Intangible | | - | 44 | 35 | 26 | 35 | 35 | 35 | 26 | 17 | - |
| Other non-current assets | | 2 | 1 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total non current assets | | 124 411 | 134 100 | 134 962 | 135 562 | 139 385 | 139 385 | 139 385 | 146 686 | 155 199 | 163 340 |
| TOTAL ASSETS | | 137 325 | 145 119 | 142 492 | 159 221 | 141 477 | 141 477 | 141 477 | 148 738 | 157 373 | 165 985 |
| LIABILITIES | | | | | | | | | | | |
| Current liabilities | | | | | | | | | | | |
| Bank overdraft | 1 | 1 785 | 26 | 1 581 | 829 | 15 133 | 15 133 | 15 133 | 25 239 | 33 973 | 42 514 |
| Borrowing | 4 | 141 | 198 | 231 | 453 | 201 | 201 | 201 | 198 | 175 | - |
| Consumer deposits | | 121 | 151 | 157 | 173 | 166 | 166 | 166 | 178 | 190 | 204 |
| Trade and other payables | 4 | 4 398 | 11 305 | 10 979 | 7 391 | 11 565 | 11 565 | 11 565 | 12 061 | 12 592 | 13 160 |
| Provisions | | 948 | 921 | 2 486 | - | 2 709 | 2 709 | 2 709 | 2 872 | 3 044 | 3 227 |
| Total current liabilities | | 7 393 | 12 600 | 15 434 | 8 846 | 29 774 | 29 774 | 29 774 | 40 548 | 49 975 | 59 104 |
| Non current liabilities | | | | | | | | | | | |
| Borrowing | | 971 | 922 | 692 | 1 436 | 477 | 477 | 477 | 244 | 58 | 30 |
| Provisions | | 4 431 | 4 787 | 4 610 | - | 4 903 | 4 903 | 4 903 | 5 214 | 5 546 | 5 899 |
| Total non current liabilities | | 5 402 | 5 709 | 5 302 | 1 436 | 5 379 | 5 379 | 5 379 | 5 458 | 5 604 | 5 929 |
| TOTAL LIABILITIES | | 12 795 | 18 309 | 20 736 | 10 282 | 35 154 | 35 154 | 35 154 | 46 005 | 55 579 | 65 033 |
| NET ASSETS | 5 | 124 530 | 126 810 | 121 756 | 148 939 | 106 324 | 106 324 | 106 324 | 102 733 | 101 794 | 100 952 |
| COMMUNITY WEALTH/EQUITY | | | | | | | | | | | |
| Accumulated Surplus/(Deficit) | | 123 471 | 125 751 | 120 697 | - | 105 264 | 105 264 | 105 264 | 101 673 | 100 735 | 99 892 |
| Reserves | 4 | 1 059 | 1 059 | 1 059 | 1 425 | 1 059 | 1 059 | 1 059 | 1 059 | 1 059 | 1 059 |
| Minorities' interests | | - | - | - | - | - | - | - | - | - | - |
| TOTAL COMMUNITY WEALTH/EQUITY | 5 | 124 530 | 126 810 | 121 756 | 1 425 | 106 324 | 106 324 | 106 324 | 102 733 | 101 794 | 100 952 |

Explanatory notes to Table A6 - Budgeted Financial Position

- Table A6 is consistent with international standards of good financial management practice, and improves understandability for councilors and management of the impact of the budget on the statement of financial position (balance sheet).
- This format of presenting the statement of financial position is aligned to GRAP1, which is generally aligned to the international version which presents Assets less Liabilities as "accounting" Community Wealth. The order of items within each group illustrates items in order of liquidity; i.e. assets readily converted to cash, or liabilities immediately required to be met from cash, appear first.
- Table 66 is supported by an extensive table of notes (SA3 which can be found on page 102) providing a detailed analysis of the major components of a number of items, including:
 - Consumer debtors;
 - Property, plant and equipment;
 - Trade and other payables;
 - Provisions non-current;

- Changes in net assets; and
 - Reserves
4. The municipal equivalent of equity is Community Wealth/Equity. The justification is that ownership and the net assets of the municipality belong to the community.
 5. Any movement on the Budgeted Financial Performance or the Capital Budget will inevitably impact on the Budgeted Financial Position. As an example, the collection rate assumption will impact on the cash position of the municipality and subsequently inform the level of cash and cash equivalents at year end. Similarly, the collection rate assumption should inform the budget appropriation for debt impairment which in turn would impact on the provision for bad debt. These budget and planning assumptions form a critical link in determining the applicability and relevance of the budget as well as the determination of ratios and financial indicators. In addition the funding compliance assessment is informed directly by forecasting the statement of financial position.

Table 204 MBRR Table A7 - Budgeted Cash Flow Statement

| Description | | Ref | 2008/9 | 2009/10 | 2010/11 | Current Year 2011/12 | | | | 2012/13 Medium Term Revenue & Expenditure Framework | | |
|---|--|-----|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|-------------------|---|------------------------|------------------------|
| R thousand | | | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Pre-audit outcome | Budget Year 2012/13 | Budget Year +1 2013/14 | Budget Year +2 2014/15 |
| CASH FLOW FROM OPERATING ACTIVITIES | | | | | | | | | | | | |
| Receipts | | | | | | | | | | | | |
| Ratepayers and other | | | 21 307 | 28 255 | 35 925 | 20 325 | 30 606 | 30 606 | 30 606 | 44 810 | 47 382 | 49 883 |
| Government - operating | | 1 | 29 098 | 13 252 | 16 302 | 18 061 | 18 623 | 18 623 | 18 623 | 20 785 | 22 637 | 24 289 |
| Government - capital | | 1 | 6 593 | 13 065 | 3 430 | 9 488 | 9 488 | 9 488 | 9 488 | 11 510 | 12 141 | 12 843 |
| Interest | | | 2 385 | 2 155 | 1 954 | 250 | 320 | 320 | 320 | 2 180 | 2 311 | 2 449 |
| Dividends | | | | - | | - | - | | - | | - | - |
| Payments | | | | | | | | | | | | |
| Suppliers and employees | | | (42 522) | (31 919) | (48 027) | (30 240) | (63 670) | (63 670) | (63 670) | (70 730) | (72 692) | (77 164) |
| Finance charges | | | (601) | (943) | (907) | (453) | (486) | (486) | (486) | (650) | (689) | (731) |
| Transfers and Grants | | 1 | (3 405) | (2 659) | (3 548) | (3 483) | (3 558) | (3 558) | (3 558) | (4 986) | (5 285) | (5 602) |
| NET CASH FROM/(USED) OPERATING ACTIVITIES | | | 12 855 | 21 206 | 5 130 | 13 948 | (8 677) | (8 677) | (8 677) | 2 918 | 5 804 | 5 969 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | | | | | | | | | |
| Receipts | | | | | | | | | | | | |
| Proceeds on disposal of PPE | | | 9 | 3 | 25 | - | 72 | 72 | 72 | 225 | 239 | 253 |
| Decrease (increase) in non-current debtors | | | - | - | - | - | - | - | - | - | - | - |
| Decrease (increase) other non-current receivables | | | (220) | (24) | (174) | (260) | - | - | - | - | - | - |
| Decrease (increase) in non-current investments | | | (174) | 567 | (24) | - | - | - | - | (60) | (89) | (94) |
| Payments | | | | | | | | | | | | |
| Capital assets | | | (16 812) | (15 704) | (6 147) | (9 488) | (9 780) | (9 780) | (9 780) | (12 965) | (14 492) | (14 478) |
| NET CASH FROM/(USED) INVESTING ACTIVITIES | | | (17 196) | (15 158) | (6 321) | (9 748) | (9 708) | (9 708) | (9 708) | (12 800) | (14 343) | (14 319) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | | | | | | | | | | |
| Receipts | | | | | | | | | | | | |
| Short term loans | | | - | - | - | - | - | - | - | - | - | - |
| Borrowing long term/refinancing | | | - | 177 | - | - | - | - | - | - | - | - |
| Increase (decrease) in consumer deposits | | | 19 | 30 | 6 | 173 | 9 | 9 | 9 | 12 | 12 | 13 |
| Payments | | | | | | | | | | | | |
| Repayment of borrowing | | | (391) | (169) | (198) | (1 889) | (245) | (245) | (245) | (236) | (208) | (204) |
| NET CASH FROM/(USED) FINANCING ACTIVITIES | | | (372) | 38 | (192) | (1 716) | (235) | (235) | (235) | (224) | (196) | (190) |
| NET INCREASE/ (DECREASE) IN CASH HELD | | | (4 713) | 6 086 | (1 383) | 2 484 | (18 621) | (18 621) | (18 621) | (10 106) | (8 734) | (8 541) |
| Cash/cash equivalents at the year begin: | | 2 | 3 497 | (1 216) | 4 870 | 13 906 | 3 487 | 3 487 | 3 487 | (15 133) | (25 239) | (33 973) |
| Cash/cash equivalents at the year end: | | 2 | (1 216) | 4 870 | 3 487 | 16 390 | (15 133) | (15 133) | (15 133) | (25 239) | (33 973) | (42 514) |

Explanatory notes to Table A7 - Budgeted Cash Flow Statement

1. The budgeted cash flow statement is the first measurement in determining if the budget is funded.
2. It shows the expected level of cash in-flow versus cash out-flow that is likely to result from the implementation of the budget.
3. It can be seen that the cash levels of the Municipality fell significantly over the 2008/09 to 2010/11 period owing directly to a net decrease in cash for the 2010/11 financial year of R7,469 million.

4. The approved 2012/13 MTREF provide for a further net decrease in cash of R17,238 million for the 2012/13 financial year resulting in an overall projected negative cash position of R25,239 million at year end.
5. As part of the 2011/12 mid-year review and Adjustments Budget this unsustainable cash position deteriorate from a surplus of R2,4 million to a deficit of R18,621 million.
6. Cash and cash equivalents totals -R25,239 million as at the end of the 2012/13 financial year and escalates to -R42,514 million by 2014/15.

Table 215 MBRR Table A8 - Cash Backed Reserves/Accumulated Surplus Reconciliation

| Description | Ref | 2008/9 | 2009/10 | 2010/11 | Current Year 2011/12 | | | | 2012/13 Medium Term Revenue & Expenditure Framework | | |
|---|-----|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|-------------------|---|------------------------|------------------------|
| | | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Pre-audit outcome | Budget Year 2012/13 | Budget Year +1 2013/14 | Budget Year +2 2014/15 |
| Cash and investments available | | | | | | | | | | | |
| Cash/cash equivalents at the year end | 1 | (1 216) | 4 870 | 3 487 | 16 390 | (15 133) | (15 133) | (15 133) | (25 239) | (33 973) | (42 514) |
| Other current investments > 90 days | | (0) | 0 | 0 | (7 423) | 0 | 0 | 0 | 0 | 0 | 0 |
| Non current assets - Investments | 1 | 1 968 | 1 401 | 1 425 | 1 401 | 1 425 | 1 425 | 1 425 | 1 485 | 1 574 | 1 668 |
| Cash and investments available: | | 752 | 6 270 | 4 912 | 10 367 | (13 708) | (13 708) | (13 708) | (23 754) | (32 399) | (40 846) |
| Application of cash and investments | | | | | | | | | | | |
| Unspent conditional transfers | | 609 | 3 185 | 4 267 | - | 4 267 | 4 267 | 4 267 | 4 267 | 4 267 | 4 267 |
| Unspent borrowing | | - | - | - | - | - | - | - | - | - | - |
| Statutory requirements | 2 | - | - | - | - | - | - | - | - | - | - |
| Other working capital requirements | 3 | (6 184) | 2 097 | 4 488 | (783) | 5 550 | 5 550 | 5 550 | 5 806 | 6 215 | 6 358 |
| Other provisions | | - | - | - | - | - | - | - | - | - | - |
| Long term investments committed | 4 | - | - | - | - | - | - | - | - | - | - |
| Reserves to be backed by cash/investments | 5 | 1 059 | 1 059 | 1 059 | 1 425 | 1 059 | 1 059 | 1 059 | 1 059 | 1 059 | 1 059 |
| Total Application of cash and investments: | | (4 515) | 6 341 | 9 814 | 642 | 10 876 | 10 876 | 10 876 | 11 132 | 11 541 | 11 684 |
| Surplus(shortfall) | | 5 267 | (71) | (4 902) | 9 725 | (24 584) | (24 584) | (24 584) | (34 886) | (43 940) | (52 530) |

Explanatory notes to Table A8 - Cash Backed Reserves/Accumulated Surplus Reconciliation

1. The cash backed reserves/accumulated surplus reconciliation is aligned to the requirements of MFMA Circular 42 – Funding a Municipal Budget.
2. In essence the table evaluates the funding levels of the budget by firstly forecasting the cash and investments at year end and secondly reconciling the available funding to the liabilities/commitments that exist.
3. The outcome of this exercise would either be a surplus or deficit. A deficit would indicate that the applications exceed the cash and investments available and would be indicative of non-compliance with the MFMA requirements that the municipality's budget must be "funded".
4. Non-compliance with section 18 of the MFMA is assumed because a shortfall would indirectly indicate that the annual budget is not appropriately funded.
5. From the table it can be seen that for the period 2007/08 to 2010/11 the deficit deteriorated from R503 million to R1.9 million.
6. Considering the requirements of section 18 of the MFMA, it can be concluded that the adopted 2010/11 MTREF was not funded owing to the significant deficit.
7. As part of the budgeting and planning guidelines that informed the compilation of the 2011/12 MTREF the end objective of the medium-term framework was to ensure the budget is funded aligned to section 18 of the MFMA.
8. As can be seen the budget has been modelled to progressively move from a deficit of R220 million in 2011/12 to a surplus of R259 million by 2013/14.

Table 226 MBRR Table A9 - Asset Management

| Description | Ref | 2008/9 | 2009/10 | 2010/11 | Current Year 2011/12 | | | 2012/13 Medium Term Revenue & Expenditure Framework | | |
|--|------|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|---|------------------------|------------------------|
| | | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Budget Year 2012/13 | Budget Year +1 2013/14 | Budget Year +2 2014/15 |
| R thousand | | | | | | | | | | |
| CAPITAL EXPENDITURE | | | | | | | | | | |
| Total New Assets | 1 | 16 812 | 15 704 | 6 147 | 9 488 | 9 780 | 9 780 | 12 965 | 14 492 | 14 478 |
| Infrastructure - Road transport | | 909 | 1 778 | 1 968 | 5 150 | 5 150 | 5 150 | 4 614 | 7 500 | 12 843 |
| Infrastructure - Electricity | | 3 732 | 2 415 | 1 304 | - | - | - | - | - | - |
| Infrastructure - Water | | 680 | 8 544 | 1 146 | 200 | 200 | 200 | - | 1 750 | - |
| Infrastructure - Sanitation | | 664 | 635 | 610 | 2 950 | 2 950 | 2 950 | - | - | - |
| Infrastructure - Other | | - | - | - | - | - | - | 5 336 | 3 700 | - |
| Infrastructure | | 5 985 | 13 372 | 5 028 | 8 300 | 8 300 | 8 300 | 9 950 | 12 950 | 12 843 |
| Community | | - | - | - | 300 | 300 | 300 | 1 560 | - | - |
| Heritage assets | | - | - | - | - | - | - | - | - | - |
| Investment properties | | 9 100 | - | - | - | - | - | - | - | - |
| Other assets | 6 | 1 727 | 2 288 | 1 119 | 888 | 1 180 | 1 180 | 1 455 | 1 542 | 1 635 |
| Agricultural Assets | | - | - | - | - | - | - | - | - | - |
| Biological assets | | - | - | - | - | - | - | - | - | - |
| Intangibles | | - | 44 | - | - | - | - | - | - | - |
| Total Renewal of Existing Assets | | | | | | | | | | |
| Infrastructure - Road transport | 2 | - | - | - | - | - | - | - | - | - |
| Infrastructure - Electricity | | - | - | - | - | - | - | - | - | - |
| Infrastructure - Water | | - | - | - | - | - | - | - | - | - |
| Infrastructure - Sanitation | | - | - | - | - | - | - | - | - | - |
| Infrastructure - Other | | - | - | - | - | - | - | - | - | - |
| Infrastructure | | - | - | - | - | - | - | - | - | - |
| Community | | - | - | - | - | - | - | - | - | - |
| Heritage assets | | - | - | - | - | - | - | - | - | - |
| Investment properties | | - | - | - | - | - | - | - | - | - |
| Other assets | 6 | - | - | - | - | - | - | - | - | - |
| Agricultural Assets | | - | - | - | - | - | - | - | - | - |
| Biological assets | | - | - | - | - | - | - | - | - | - |
| Intangibles | | - | - | - | - | - | - | - | - | - |
| Total Capital Expenditure | | | | | | | | | | |
| Infrastructure - Road transport | 4 | 909 | 1 778 | 1 968 | 5 150 | 5 150 | 5 150 | 4 614 | 7 500 | 12 843 |
| Infrastructure - Electricity | | 3 732 | 2 415 | 1 304 | - | - | - | - | - | - |
| Infrastructure - Water | | 680 | 8 544 | 1 146 | 200 | 200 | 200 | - | 1 750 | - |
| Infrastructure - Sanitation | | 664 | 635 | 610 | 2 950 | 2 950 | 2 950 | - | - | - |
| Infrastructure - Other | | - | - | - | - | - | - | 5 336 | 3 700 | - |
| Infrastructure | | 5 985 | 13 372 | 5 028 | 8 300 | 8 300 | 8 300 | 9 950 | 12 950 | 12 843 |
| Community | | - | - | - | 300 | 300 | 300 | 1 560 | - | - |
| Heritage assets | | - | - | - | - | - | - | - | - | - |
| Investment properties | | 9 100 | - | - | - | - | - | - | - | - |
| Other assets | 6 | 1 727 | 2 288 | 1 119 | 888 | 1 180 | 1 180 | 1 455 | 1 542 | 1 635 |
| Agricultural Assets | | - | - | - | - | - | - | - | - | - |
| Biological assets | | - | - | - | - | - | - | - | - | - |
| Intangibles | | - | 44 | - | - | - | - | - | - | - |
| TOTAL CAPITAL EXPENDITURE - Asset class | 2 | 16 812 | 15 704 | 6 147 | 9 488 | 9 780 | 9 780 | 12 965 | 14 492 | 14 478 |
| ASSET REGISTER SUMMARY - PPE (WDV) | | | | | | | | | | |
| Infrastructure - Road transport | 5 | 19 948 | 19 318 | 18 834 | - | 23 984 | 23 984 | 25 964 | 30 671 | 27 714 |
| Infrastructure - Electricity | | 12 409 | 14 234 | 14 946 | - | 14 946 | 14 946 | 14 310 | 13 636 | 12 922 |
| Infrastructure - Water | | 22 466 | 30 138 | 30 411 | - | 30 611 | 30 611 | 29 672 | 30 427 | 29 374 |
| Infrastructure - Sanitation | | 26 116 | 25 940 | 25 739 | - | 28 685 | 28 685 | 35 139 | 37 916 | 36 938 |
| Infrastructure - Other | | - | - | - | - | - | - | - | - | - |
| Infrastructure | | 80 939 | 89 629 | 89 930 | - | 98 226 | 98 226 | 105 086 | 112 650 | 106 948 |
| Community | | 863 | 856 | 848 | - | 1 118 | 1 118 | 2 670 | 2 662 | 2 653 |
| Heritage assets | | - | - | - | - | - | - | - | - | - |
| Investment properties | | 15 944 | 15 925 | 15 907 | 19 984 | 15 907 | 15 907 | 15 888 | 15 869 | 15 851 |
| Other assets | | 24 310 | 26 173 | 26 724 | - | 22 581 | 22 581 | 21 438 | 22 334 | 36 128 |
| Agricultural Assets | | - | - | - | - | - | - | - | - | - |
| Biological assets | | 103 | 66 | 87 | 87 | 87 | 87 | 87 | 87 | 87 |
| Intangibles | | - | 44 | 35 | 26 | 35 | 35 | 26 | 17 | - |
| TOTAL ASSET REGISTER SUMMARY - PPE (WDV) | 5 | 122 160 | 132 692 | 133 532 | 20 098 | 137 955 | 137 955 | 145 196 | 153 621 | 161 667 |
| EXPENDITURE OTHER ITEMS | | | | | | | | | | |
| Depreciation & asset impairment | | 4 026 | 5 135 | 5 329 | 5 358 | 5 358 | 5 358 | 5 724 | 6 067 | 6 431 |
| Repairs and Maintenance by Asset Class | 3 | 1 134 | 1 553 | 2 154 | - | 5 572 | 5 572 | 5 026 | 5 328 | 5 647 |
| Infrastructure - Road transport | | 65 | 294 | 503 | - | 1 155 | 1 155 | 1 110 | 1 177 | 1 247 |
| Infrastructure - Electricity | | 125 | 177 | 118 | - | 1 670 | 1 670 | 1 665 | 1 765 | 1 871 |
| Infrastructure - Water | | 109 | 196 | 330 | - | 365 | 365 | 365 | 387 | 410 |
| Infrastructure - Sanitation | | 57 | 81 | 22 | - | 100 | 100 | 100 | 106 | 112 |
| Infrastructure - Other | | 10 | 68 | 34 | - | 100 | 100 | 100 | 106 | 112 |
| Infrastructure | | 367 | 815 | 1 008 | - | 3 390 | 3 390 | 3 340 | 3 540 | 3 753 |
| Community | | 6 | 6 | 2 | - | 167 | 167 | 201 | 213 | 226 |
| Heritage assets | | - | - | - | - | - | - | - | - | - |
| Investment properties | | - | - | - | - | - | - | - | - | - |
| Other assets | 6, 7 | 761 | 732 | 1 144 | - | 2 015 | 2 015 | 1 485 | 1 574 | 1 669 |
| TOTAL EXPENDITURE OTHER ITEMS | | 5 159 | 6 688 | 7 484 | 5 358 | 10 929 | 10 929 | 10 750 | 11 395 | 12 079 |
| Renewal of Existing Assets as % of total capex | | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| Renewal of Existing Assets as % of deprecn" | | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| R&M as a % of PPE | | 1.1% | 1.3% | 1.8% | 0.0% | 4.6% | 4.6% | 3.9% | 3.9% | 3.9% |
| Renewal and R&M as a % of PPE | | 1.0% | 1.0% | 2.0% | 0.0% | 4.0% | 4.0% | 3.0% | 3.0% | 3.0% |

Explanatory notes to Table A9 - Asset Management

1. Table A9 provides an overview of municipal capital allocations to building new assets and the renewal of existing assets, as well as spending on repairs and maintenance by asset class.
2. The municipality will budget for 10 per cent of their capital budget for the renewal of existing assets, and allocations to repairs and maintenance at 3 per cent of PPE. This scenario does not improve over the MTREF. The following graph provides an analysis between depreciation and operational repairs and maintenance over the MTREF. It highlights the Municipality's strategy to address the maintenance backlog.

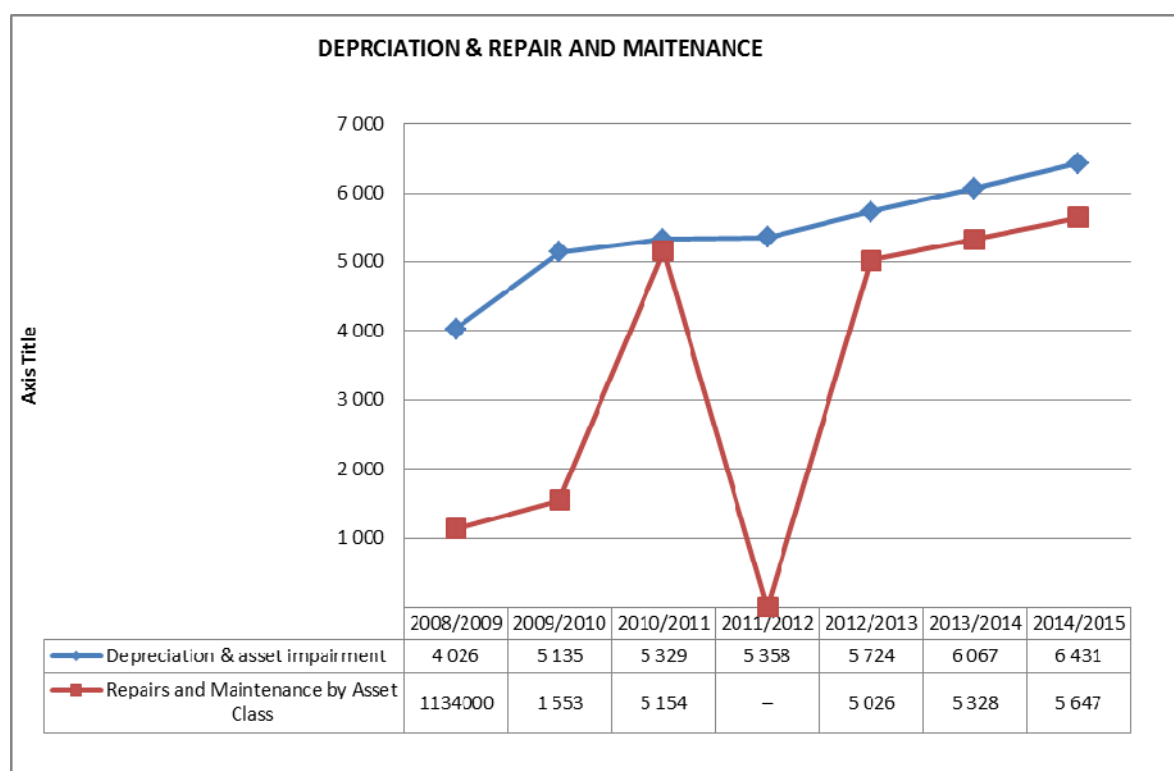


Figure 5: Depreciation in relation to repairs and maintenance over the MTREF

Table 237 MBRR Table A10 - Basic Service Delivery Measurement

| Description | Ref | 2008/9 | 2009/10 | 2010/11 | Current Year 2011/12 | | | 2012/13 Medium Term Revenue & Expenditure Framework | | |
|--|-----|---------|---------|---------|----------------------|-----------------|--------------------|---|------------------------|------------------------|
| | | Outcome | Outcome | Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Budget Year 2012/13 | Budget Year +1 2013/14 | Budget Year +2 2014/15 |
| Household service targets | 1 | | | | | | | | | |
| Water: | | | | | | | | | | |
| Piped water inside dwelling | | 270 | 270 | 270 | 270 | 270 | 270 | 260 | 260 | 260 |
| Piped water inside yard (but not in dwelling) | 2 | 4 780 | 4 780 | 4 760 | 4 760 | 4 780 | 4 780 | 4 790 | 4 790 | 4 790 |
| Using public tap (at least min.service level) | 4 | | | | 182 | 182 | 182 | 182 | 182 | 182 |
| Other water supply (at least min.service level) | | | | | | | | | | |
| <i>Minimum Service Level and Above sub-total</i> | 3 | 5 050 | 5 050 | 5 030 | 5 212 | 5 232 | 5 232 | 5 232 | 5 232 | 5 232 |
| Using public tap (< min.service level) | 4 | | | | | | | | | |
| Other water supply (< min.service level) | | | | | | | | | | |
| No water supply | | | | | | | | | | |
| <i>Below Minimum Service Level sub-total</i> | | - | - | - | - | - | - | - | - | - |
| Total number of households | 5 | 5 050 | 5 050 | 5 030 | 5 212 | 5 232 | 5 232 | 5 232 | 5 232 | 5 232 |
| Sanitation/sewerage: | | | | | | | | | | |
| Flush toilet (connected to sewerage) | | 3 919 | 3 919 | 3 919 | 1 603 | 1 603 | 1 603 | 2 555 | 2 708 | |
| Flush toilet (with septic tank) | | 558 | 558 | 558 | | | | | | |
| Chemical toilet | | | | | | | | | | |
| Pit toilet (ventilated) | | | | | | | | | | |
| Other toilet provisions (> min.service level) | | 36 | 36 | 36 | | | | | | |
| <i>Minimum Service Level and Above sub-total</i> | | 4 513 | 4 513 | 4 513 | 1 603 | 1 603 | 1 603 | 2 555 | 2 708 | - |
| Bucket toilet | | 1 608 | | | 376 | 376 | 376 | 376 | | |
| Other toilet provisions (< min.service level) | | | | | | | | | | |
| No toilet provisions | | | | | | | | | | |
| <i>Below Minimum Service Level sub-total</i> | | 1 608 | - | - | 376 | 376 | 376 | 376 | - | - |
| Total number of households | 5 | 6 121 | 4 513 | 4 513 | 1 979 | 1 979 | 1 979 | 2 931 | 2 708 | - |
| Energy: | | | | | | | | | | |
| Electricity (at least min.service level) | | 426 | 426 | 426 | 426 | 426 | 426 | 426 | 426 | 426 |
| Electricity - prepaid (min.service level) | | 1 898 | 1 898 | 1 898 | 1 898 | 1 898 | 1 898 | 1 898 | 1 898 | 1 898 |
| <i>Minimum Service Level and Above sub-total</i> | | 2 324 | 2 324 | 2 324 | 2 324 | 2 324 | 2 324 | 2 324 | 2 324 | 2 324 |
| Electricity (< min.service level) | | | | | | | | | | |
| Electricity - prepaid (< min. service level) | | | | | | | | | | |
| Other energy sources | | 359 | 247 | 297 | 197 | 197 | 197 | 187 | 187 | 187 |
| <i>Below Minimum Service Level sub-total</i> | | 359 | 247 | 297 | 197 | 197 | 197 | 187 | 187 | 187 |
| Total number of households | 5 | 2 683 | 2 571 | 2 621 | 2 521 | 2 521 | 2 521 | 2 511 | 2 511 | 2 511 |
| Refuse: | | | | | | | | | | |
| Removed at least once a week | | 4 764 | 4 764 | 4 764 | 4 764 | 4 764 | 4 764 | 4 764 | 4 764 | 4 764 |
| <i>Minimum Service Level and Above sub-total</i> | | 4 764 | 4 764 | 4 764 | 4 764 | 4 764 | 4 764 | 4 764 | 4 764 | 4 764 |
| Removed less frequently than once a week | | | | | | | | | | |
| Using communal refuse dump | | | | | | | | | | |
| Using own refuse dump | | | | | | | | | | |
| Other rubbish disposal | | | | | | | | | | |
| No rubbish disposal | | | | | | | | | | |
| <i>Below Minimum Service Level sub-total</i> | | - | - | - | - | - | - | - | - | - |
| Total number of households | 5 | 4 764 | 4 764 | 4 764 | 4 764 | 4 764 | 4 764 | 4 764 | 4 764 | 4 764 |
| Households receiving Free Basic Service | 7 | | | | | | | | | |
| Water (6 kilolitres per household per month) | | 1 776 | 1 693 | 1 598 | 1 461 | 1 461 | 1 461 | 1 332 | 1 281 | 1 150 |
| Sanitation (free minimum level service) | | 1 776 | 1 693 | 1 598 | 1 461 | 1 461 | 1 461 | 1 332 | 1 281 | 1 150 |
| Electricity/other energy (50kwh per household per month) | | 1 776 | 1 693 | 1 598 | 1 461 | 1 461 | 1 461 | 1 332 | 1 281 | 1 150 |
| Refuse (removed at least once a week) | | 1 776 | 1 693 | 1 598 | 1 461 | 1 461 | 1 461 | 1 332 | 1 281 | 1 150 |
| Cost of Free Basic Services provided (R'000) | 8 | | | | | | | | | |
| Water (6 kilolitres per household per month) | | 380 | 384 | 385 | 373 | 373 | 373 | 361 | 368 | 349 |
| Sanitation (free sanitation service) | | 1 449 | 1 472 | 1 473 | 1 427 | 1 427 | 1 427 | 1 379 | 1 407 | 1 339 |
| Electricity/other energy (50kwh per household per month) | | 718 | 869 | 830 | 913 | 913 | 913 | 924 | 996 | 1 001 |
| Refuse (removed once a week) | | 1 449 | 1 472 | 1 473 | 1 427 | 1 427 | 1 427 | 1 379 | 1 407 | 1 339 |
| Total cost of FBS provided (minimum social package) | | 3 996 | 4 197 | 4 161 | 4 141 | 4 141 | 4 141 | 4 044 | 4 177 | 4 028 |
| Highest level of free service provided | | | | | | | | | | |
| Property rates (R value threshold) | | - | 15 000 | 15 000 | 15 000 | 15 000 | 15 000 | 15 000 | 15 000 | 15 000 |
| Water (kilolitres per household per month) | | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 |
| Sanitation (kilolitres per household per month) | | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 |
| Sanitation (Rand per household per month) | | 6 000 | 6 000 | 77 | 81 | 81 | 81 | 86 | 92 | 97 |
| Electricity (kwh per household per month) | | 50 | 50 | 50 | 50 | 50 | 50 | 50 | 50 | 50 |
| Refuse (average litres per week) | | | | | | | | | | |
| Revenue cost of free services provided (R'000) | 9 | | | | | | | | | |
| Property rates (R15 000 threshold rebate) | | - | 512 | 486 | 525 | 525 | 525 | 557 | 647 | 685 |
| Property rates (other exemptions, reductions and rebates) | | - | 1 221 | 639 | 222 | 222 | 222 | - | - | - |
| Water | | 434 | 439 | 438 | 424 | 373 | 373 | 410 | 418 | 397 |
| Sanitation | | 1 449 | 1 472 | 1 473 | 1 427 | 1 427 | 1 427 | 1 379 | 1 407 | 1 339 |
| Electricity/other energy | | 718 | 869 | 830 | 913 | 913 | 913 | 924 | 996 | 1 001 |
| Refuse | | 1 449 | 1 472 | 1 473 | 1 427 | 1 427 | 1 427 | 1 379 | 1 407 | 1 339 |
| Municipal Housing - rental rebates | | | | | | | | | | |
| Housing - top structure subsidies | | | | | | | | | | |
| Other | | | | | | | | | | |
| Total revenue cost of free services provided (total social package) | 6 | 4 051 | 5 985 | 5 337 | 4 938 | 4 888 | 4 888 | 4 650 | 4 873 | 4 761 |

Explanatory notes to Table A10 - Basic Service Delivery Measurement

1. Table A10 provides an overview of service delivery levels, including backlogs (below minimum service level), for each of the main services.
2. The Municipality continues to make good progress with the eradication of backlogs:
 - a. Water services – no water backlogs.
 - b. Sanitation services – Currently bucket toilets are 376 which will be eradicated in 2013/14.
 - c. Electricity services – Current backlogs where other electricity sources are provided to 187 households and remains the same over the MTREF.
 - d. Refuse services – No backlogs.
3. The budget provides for 1 332 households to be registered as indigent in 2012/13, and therefore entitled to receiving Free Basic Services. The number is set to decrease to 1 281 million households in 2013/14 and 1 150 million households in 2014/15. Households receiving Free Basic Services on all service deliverables decreased from 1 776 million in 2008/09 to 1 150 million in 2014/15, which equates to 626 thousand.
4. It is anticipated that Free Basic Services will cost the municipality R4,044 million in 2012/13, decreasing to R4,028 million in 2014/15. This is covered by the municipality's equitable share allocation from National Government.

Part 2 – Supporting Documentation

2.1 Overview of the annual budget process

Section 53 of the MFMA requires the Mayor of the municipality to provide general political guidance in the budget process and the setting of priorities that must guide the preparation of the budget. In addition Chapter 2 of the Municipal Budget and Reporting Regulations states that the Mayor of the municipality must establish a Budget Steering Committee to provide technical assistance to the Mayor in discharging the responsibilities set out in section 53 of the Act.

The Budget Steering Committee consists of the Municipal Manager and senior officials of the municipality meeting under the chairpersonship of the Mayor.

The primary aims of the Budget Steering Committee is to ensure:

- that the process followed to compile the budget complies with legislation and good budget practices;
- that there is proper alignment between the policy and service delivery priorities set out in the Municipality's IDP and the budget, taking into account the need to protect the financial sustainability of municipality;
- that the municipality's revenue and tariff setting strategies ensure that the cash resources needed to deliver services are available; and
- that the various spending priorities of the different municipal departments are properly evaluated and prioritised in the allocation of resources.

2.1.1 Budget Process Overview

In terms of section 21 of the MFMA the Mayor is required to table in Council ten months before the start of the new financial year (i.e. in August 2010) a time schedule that sets out the process to revise the IDP and prepare the budget.

The Mayor tabled in Council the required IDP and budget time schedule on 09 September 2011. Key dates applicable to the process were:

Table 248 - Time Schedule of Key Deadlines 2012/13 Budget Process

| TIME SCHEDULE OF KEY DEADLINES | | | OUTPUTS | |
|---|--|---|---------|---------------------------|
| Mayor to Table in Council 10 Months Prior to Start of Budget Year | | | | |
| Month | Municipality: Ubuntu LM | Budget Year: 2012/13 | DATES | ACTIVITY/MEETING |
| | Mayor and Council / Entity Board | Administration - Municipality and Entity | | |
| July 2011 | Mayor begins planning for next three-year budget in accordance with co-ordination role of budget process MFMA s 53 Planning includes review of the previous years budget process and completion of the Budget Evaluation Checklist | Accounting officers and senior officials of municipality and entities begin planning for next three-year budget MFMA s 68, 77 Accounting officers and senior officials of municipality and entities review options and contracts for service delivery MSA s 76-81 | | Information not available |
| August 2011 | Mayor tables in Council a time schedule outlining key deadlines for: preparing, tabling and approving the budget; reviewing the IDP (as per s 34 of MSA) and budget related policies and consultation processes at least 10 months before the start of the budget year. MFMA s 21,22, 23; MSA s 34, Ch 4 as amended Mayor establishes committees and consultation forums for the budget process | | | Information not available |
| September 2011 | Council through the IDP review process determines strategic objectives for service delivery and development for next three-year budgets including review of provincial and national government sector and strategic plans | Budget offices of municipality and entities determine revenue projections and proposed rate and service charges and drafts initial allocations to functions and departments for the next financial year after taking into account strategic objectives Engages with Provincial and National sector departments on sector specific programmes for alignment with municipalities plans (schools, libraries, clinics, water, electricity, roads, etc) | | Information not available |
| October 2011 | | Accounting officer does initial review of national policies and budget plans and potential price increases of bulk resources with function and department officials MFMA s 35, 36, 42; MTBPS | | Information not available |
| November 2011 | | Accounting officer reviews and drafts initial changes to IDP MSA s 34 | | Information not available |
| December 2011 | Council finalises tariff (rates and service charges) policies for next financial year MSA s 74, 75 | Accounting officer and senior officials consolidate and prepare proposed budget and plans for next financial year taking into account previous years performance as per audited financial statements | | Information not available |
| January 2012 | Entity board of directors must approve and submit proposed budget and plans for next three- | Accounting officer reviews proposed national and provincial allocations to municipality for | | Information not available |

| | | | | |
|----------------------|--|---|---|---|
| | year budgets to parent municipality at least 150 days before the start of the budget year MFMA s 87(1) | incorporation into the draft budget for tabling. (Proposed national and provincial allocations for three years must be available by 20 January) MFMA s 36 | | |
| February 2012 | Council considers municipal entity proposed budget and service delivery plan and accepts or makes recommendations to the entity MFMA s 87(2) | Accounting officer finalises and submits to Mayor proposed budgets and plans for next three-year budgets taking into account the recent mid-year review and any corrective measures proposed as part of the oversight report for the previous years audited financial statements and annual report Accounting officer to notify relevant municipalities of projected allocations for next three budget years 120 days prior to start of budget year MFMA s 37(2) | | Information not available |
| March 2012 | Entity board of directors considers recommendations of parent municipality and submit revised budget by 22nd of month MFMA s 87(2) Mayor tables municipality budget, budgets of entities, resolutions, plans, and proposed revisions to IDP at least 90 days before start of budget year MFMA s 16, 22, 23, 87; MSA s 34 | Accounting officer publishes tabled budget, plans, and proposed revisions to IDP, invites local community comment and submits to NT, PT and others as prescribed MFMA s 22 & 37; MSA Ch 4 as amended Accounting officer reviews any changes in prices for bulk resources as communicated by 15 March MFMA s 42 | | Information not available |
| April 2012 | Consultation with national and provincial treasuries and finalise sector plans for water, sanitation, electricity etc MFMA s 21 | Accounting officer assists the Mayor in revising budget documentation in accordance with consultative processes and taking into account the results from the third quarterly review of the current year | April 2012 | Draft Budget 2012/13 advertised in The Messenger and The Echo as well as made available at all municipal offices |
| May 2012 | Public hearings on the budget, and council debate. Council consider views of the local community, NT, PT, other provincial and national organs of state and municipalities. Mayor to be provided with an opportunity to respond to submissions during consultation and table amendments for council consideration. Council to consider approval of budget and plans at least 30 days before start of budget year. MFMA s 23, 24; MSA Ch 4 as amended Entity board of directors to approve the budget of the entity not later than 30 days before the start of the financial year, taking into account any | Accounting officer assists the Mayor in preparing the final budget documentation for consideration for approval at least 30 days before the start of the budget year taking into account consultative processes and any other new information of a material nature | 14 May 2012 15 May 2012 15 May 2012 21 May 2012 22 May 2012 | IDP and Budget Consultation Meeting – Kappertjie Street Hall Community Meeting (Ward 2) • No inputs from community received IDP and Budget Consultation Meeting – At Nomzamo Hall Community Meeting (Ward 1) • No inputs from community received IDP and Budget Consultation Meeting – Richmond Council Chambers (Ward 1) • No minutes attached IDP and Budget Consultation Meeting – Stakeholders and Community at the Community Hall (Ward 3) • No minutes attached IDP and Budget Consultation Meeting – |

| | | | | |
|---|---|--|-------------|---|
| | hearings or recommendations of the council of the parent municipality MFMA s 87 | | 30 May 2012 | At Masakhani Hall Community Meeting (Ward 4) • No inputs from Community Final Annual Budget 2012/13 approved in Council |
| June 2012 | <p>Council must approve annual budget by resolution, setting taxes and tariffs, approving changes to IDP and budget related policies, approving measurable performance objectives for revenue by source and expenditure by vote before start of budget year MFMA s 16, 24, 26, 53</p> <p>Mayor must approve SDBIP within 28 days after approval of the budget and ensure that annual performance contracts are concluded in accordance with s 57(2) of the MSA. Mayor to ensure that the annual performance agreements are linked to the measurable performance objectives approved with the budget and SDBIP. The mayor submits the approved SDBIP and performance agreements to council, MEC for local government and makes public within 14 days after approval. MFMA s 53; MSA s 38-45, 57(2)</p> <p>Council must finalise a system of delegations. MFMA s 59, 79, 82; MSA s 59-65</p> | <p>Accounting officer submits to the mayor no later than 14 days after approval of the budget a draft of the SDBIP and annual performance agreements required by s 57(1)(b) of the MSA. MFMA s 69; MSA s 57</p> <p>Accounting officers of municipality and entities publishes adopted budget and plans MFMA s 75, 87</p> | | |
| Abbreviations: IDP - Integrated Development Plan; MFMA - Local Government: Municipal Finance Management Act, No. 56 of 2003; MSA - Local Government: Municipal Systems Act, No. 32 of 2000, as amended; MTBPS - National Treasury annual publication, Medium Term Budget and Policy Statement; NT - National Treasury; PT - Provincial Treasuries; SDBIP - Service Delivery and Budget Implementation Plan | | | | |

2.1.2 IDP and Service Delivery and Budget Implementation Plan

The Municipality's IDP is its principal strategic planning instrument, which directly guides and informs its planning, budget, management and development actions. This framework is rolled out into objectives, key performance indicators and targets for implementation which directly inform the Service Delivery and Budget Implementation Plan. The Process Plan applicable to the fourth revision cycle included the following key IDP processes and deliverables:

- Registration of community needs;
- Compilation of departmental business plans including key performance indicators and targets;
- Financial planning and budgeting process;

- Public participation process;
- Compilation of the SDBIP, and
- The review of the performance management and monitoring processes.

2.1.3 Financial Modelling and Key Planning Drivers

The following key factors and planning strategies have informed the compilation of the 2012/13 MTREF:

- Municipality growth
- Policy priorities and strategic objectives
- Asset maintenance
- Economic climate and trends (i.e inflation, Eskom increases, household debt, migration patterns)
- The approved 2010/11 adjustments budget and performance against the SDBIP
- Cash Flow Management Strategy
- Debtor payment levels
- Loan and investment possibilities
- The need for tariff increases versus the ability of the community to pay for services;
- Improved and sustainable service delivery

In addition to the above, the strategic guidance given in National Treasury's MFMA Circulars 51 and 54 has been taken into consideration in the planning and prioritisation process.

2.1.4 Community Consultation

The draft 2012/13 MTREF as tabled before Council on 30 March 2012 for community consultation was published in the local newspapers The Messenger and The Echo. Hard copies were made available on Municipal Notice Boards and at various Libraries. The opportunity to give feedback was also communicated to communities via Community consultation meetings in each town.

The excel A1 schedules (electronic and printed) were provided to National Treasury, and other national and provincial departments in accordance with section 23 of the MFMA, to provide an opportunity for them to make inputs.

Submissions received during the community consultation process and additional information regarding revenue and expenditure and individual capital projects were addressed, and where relevant considered as part of the finalisation of the 2012/13 MTREF. Feedback and responses to the submissions received are available on request. The following are some of the issues and concerns raised as well as comments received during the consultation process:

- Capital expenditure is not allocated to the areas in the same ratio as the income derived from those areas. This is a normal practice in a collective taxation environment. The Municipality is responsible for managing the

equitable use of resources to ensure that constitutional imperative to progressively improve basic services in undeveloped areas is realized in a sustainable manner over a reasonable period of time;

- Several complaints were received regarding poor service delivery, especially waste removal backlogs and the state of road infrastructure;
- Poor performance of contractors relating to infrastructure development and maintenance especially in the areas of road construction and maintenance were raised;
- Issues were raised regarding the payment of bonuses to senior managers;
- Remuneration packages of council officials were criticized as being very high, relative their private sector counterparts within the Municipality;
- The affordability of tariff increases, especially Electricity, was raised on numerous occasions. This concern was also raised by organized business as an obstacle to economic growth;
- Pensioners cannot afford the tariff increases due to low annual pension increases; and
- During the community consultation process large sections of the community made it clear that they are not in favour of any further tariff increases to fund additional budget requests. They indicated that the municipality must do more to ensure efficiencies and value for money.

Significant changes effected in the final 2012/13 MTREF compared to the draft 2011/12 MTREF that was tabled for community consultation, include:

- The final Eskom bulk tariff increase, applicable to municipalities from 1 July 2011, was factored into the proposed consumer tariffs, applicable from 1 July 2011. This resulted in an increase of 4 per cent;
- An amount of R100 million (R50 million on the Operating Budget and R50 million on the Capital Budget) was included over the medium-term for each of the financial years equating to R300 million over the medium-term for the formalisation of informal settlements. This is in line with government prioritizing this as part of Outcome 8;
- The proposed loan amount of R950 million increased with R50 million to R1,0 million to fund the additional R50 million per annum allocated to the Capital Budget for the 2011/12, 2012/13 and 2013/14 financial years;
- An amount of R12,5 million was allocated in the Capital Budget to fund upgrades and extensions to the call centre;
- The SALGBC parties' settlement regarding the salary dispute resulted in a preliminary amount of R64.8 million being provided for in the 2011/12 financial year;
- The 2012 Division of Revenue Act (DORA) grant allocations and Provincial Allocations.

2.2 Overview of alignment of annual budget with IDP

The Constitution mandates local government with the responsibility to exercise local developmental and cooperative governance. The eradication of imbalances in South African society can only be realized through a credible integrated developmental planning process.

Municipalities in South Africa need to utilise integrated development planning as a method to plan future development in their areas and so find the best solutions to achieve sound long-term development goals. A municipal IDP provides a five year strategic programme of action aimed at setting short, medium and long term strategic and budget priorities to create a development platform, which correlates with the term of office of the political incumbents. The plan aligns the resources and the capability of a municipality to its overall development aims and guides the municipal budget. An IDP is therefore a key instrument which municipalities use to provide vision, leadership and direction to all those that have a role to play in the development of a municipal area. The IDP enables municipalities to make the best use of scarce resources and speed up service delivery.

Integrated developmental planning in the South African context is amongst others, an approach to planning aimed at involving the municipality and the community to jointly find the best solutions towards sustainable development. Furthermore, integrated development planning provides a strategic environment for managing and guiding all planning, development and decision making in the municipality.

It is important that the IDP developed by municipalities correlate with National and Provincial intent. It must aim to co-ordinate the work of local and other spheres of government in a coherent plan to improve the quality of life for all the people living in that area. Applied to the Municipality, issues of national and provincial importance should be reflected in the IDP of the municipality. A clear understanding of such intent is therefore imperative to ensure that the Municipality strategically complies with the key national and provincial priorities.

The aim of this revision cycle was to develop and coordinate a coherent plan to improve the quality of life for all the people living in the area, also reflecting issues of national and provincial importance. One of the key objectives is therefore to ensure that there exists alignment between national and provincial priorities, policies and strategies and the Municipality's response to these requirements.

The national and provincial priorities, policies and strategies of importance include amongst others:

- Green Paper on National Strategic Planning of 2009;
- Government Programme of Action;
- Development Facilitation Act of 1995;
- Provincial Growth and Development Strategy (PGDS);
- National and Provincial spatial development perspectives;
- Relevant sector plans such as transportation, legislation and policy;
- National Key Performance Indicators (NKPis);
- Accelerated and Shared Growth Initiative (ASGISA);
- National 2014 Vision;
- National Spatial Development Perspective (NSDP) and
- The National Priority Outcomes.

The Constitution requires local government to relate its management, budgeting and planning functions to its objectives. This gives a clear indication of the intended purposes of municipal integrated development planning. Legislation stipulates clearly that a municipality must not only give effect to its IDP, but must also conduct its affairs in a manner which is consistent with its IDP. The following table highlights the IDP's five strategic objectives for

the 2012/13 MTREF and further planning refinements that have directly informed the compilation of the budget:

Table 29 IDP Strategic Objectives

| 2010/11 Financial Year | 2011/12 MTREF |
|--|--|
| 1. The provision of quality basic services and infrastructure | 1. Provision of quality basic services and infrastructure |
| 2. Acceleration of higher and shared economic growth and development | 2. Economic growth and development that leads to sustainable job creation |
| 3. Fighting of poverty, building clean, healthy, safe and sustainable communities | 3.1 Fight poverty and build clean, healthy, safe and sustainable communities |
| | 3.2 Integrated Social Services for empowered and sustainable communities |
| 4. Fostering participatory democracy and adherence to Ubuntu principles through a caring, accessible and accountable service | 4. Foster participatory democracy and Ubuntu principles through a caring, accessible and accountable service |
| 5. Good governance, Financial viability and institutional governance | 5.1 Promote sound governance |
| | 5.2 Ensure financial sustainability |
| | 5.3 Optimal institutional transformation to ensure capability to achieve set objectives |

In order to ensure integrated and focused service delivery between all spheres of government it was important for the Municipality to align its budget priorities with that of national and provincial government. All spheres of government place a high priority on infrastructure development, economic development and job creation, efficient service delivery, poverty alleviation and building sound institutional arrangements.

Table 30 MBRR Table SA4 - Reconciliation between the IDP strategic objectives and budgeted revenue

| Strategic Objective | Goal | Goal Code | Ref | 2008/9 | 2009/10 | 2010/11 | Current Year 2011/12 | | | 2012/13 Medium Term Revenue & Expenditure Framework | | | |
|---|---|-----------|-----|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|---|------------------------|------------------------|--------|
| | | | | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Budget Year 2012/13 | Budget Year +1 2013/14 | Budget Year +2 2014/15 | |
| R thousand | | | | | | | | | | | | | |
| Good Governance | To build an institution capable of effective delivery with sound administration and good governance practices | A | | 264 | 302 | 692 | 873 | 1 066 | 1 066 | 1 423 | 1 718 | 1 969 | |
| Sustainable Infrastructure Development | Provide Sustainable Infrastructure Development by improving and reconstructing access roads, other streets and storm water. | B | | 1 493 | 1 992 | 2 100 | 95 | 9 624 | 9 624 | 11 597 | 12 233 | 12 941 | |
| Sustainable Basic Services | To provide adequate sustainable basic services for improved quality of life for our communities by eradicating service delivery backlogs and providing sustainable electricity. | C | | 9 193 | 7 805 | 8 019 | 5 315 | 6 924 | 6 924 | 10 206 | 10 818 | 11 467 | |
| | To provide adequate sustainable basic services for improved quality of life for our communities by eradicating service delivery backlogs and providing sustainable quality water. | D | | 5 454 | 12 280 | 4 037 | 2 117 | 3 485 | 3 485 | 3 458 | 3 666 | 3 886 | |
| | To provide adequate sustainable basic services for improved quality of life for our communities by eradicating service delivery backlogs and providing high quality sewerage and sanitation and other waste services. | E | | 4 378 | 3 979 | 5 439 | 4 196 | 4 224 | 4 224 | 7 788 | 8 255 | 8 750 | |
| Social Development | To create a healthy and sustainable environment by improving social services and the maintenance of public facilities and buildings. | F | | 15 579 | 16 604 | 20 182 | 715 | 17 626 | 17 626 | 20 664 | 21 904 | 23 218 | |
| | To create and maintain public areas, sportsfields and resorts for the benefit of the community . | G | | 492 | 21 | 15 | 12 | 12 | 12 | 6 | 6 | 7 | |
| Financial Viability | To create an environment of effective, accountable and viable financial management with reliable information technology and accurate database by fully implementing all MFMA regulations and reforms | H | | 32 680 | 19 608 | 20 370 | 40 926 | 24 400 | 24 400 | 27 552 | 29 601 | 31 523 | |
| Health | Promote a healthy municipal area. | I | | 138 | 69 | 9 | 150 | 10 | 10 | 10 | 11 | 11 | |
| Safety & Security | To create a safe and secure environment by providing fire brigade services. | J | | – | 190 | 8 | 2 | 2 | 2 | 2 | 2 | 2 | |
| Allocations to other priorities | | | | 2 | | | | | | | | | |
| Total Revenue (excluding capital transfers and contributions) | | | | 1 | 69 670 | 62 851 | 60 870 | 54 400 | 67 373 | 67 373 | 82 707 | 88 214 | 93 775 |

Table 31 MBRR Table SA5 - Reconciliation between the IDP strategic objectives and budgeted operating expenditure

| Strategic Objective | Goal | Goal Code | Ref | 2008/9 | 2009/10 | 2010/11 | Current Year 2011/12 | | | 2012/13 Medium Term Revenue & Expenditure Framework | | |
|--|---|-----------|-----|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|---|------------------------|------------------------|
| | | | | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Budget Year 2012/13 | Budget Year +1 2013/14 | Budget Year +2 2014/15 |
| R thousand | | | | | | | | | | | | |
| Good Governance | To build an institution capable of effective delivery with sound administration and good governance practices | A | | 3 380 | 3 859 | 3 817 | 4 278 | 5 215 | 5 215 | 7 278 | 5 594 | 5 930 |
| Sustainable Infrastructure Development | Provide Sustainable Infrastructure Development by improving and reconstructing access roads, other streets and storm water. | B | | 4 782 | 7 078 | 10 685 | 7 059 | 7 989 | 7 989 | 12 971 | 13 749 | 14 574 |
| Sustainable Basic Services | To provide adequate sustainable basic services for improved quality of life for our communities by eradicating service delivery backlogs and providing sustainable electricity . | C | | 5 753 | 8 010 | 9 570 | 12 312 | 14 022 | 14 022 | 14 099 | 14 945 | 15 842 |
| | To provide adequate sustainable basic services for improved quality of life for our communities by eradicating service delivery backlogs and providing sustainable quality water. | D | | 4 991 | 5 405 | 5 498 | 3 720 | 2 723 | 2 723 | 4 383 | 4 646 | 4 924 |
| | To provide adequate sustainable basic services for improved quality of life for our communities by eradicating service delivery backlogs and providing high quality sewerage and sanitation and other waste services. | E | | 5 179 | 8 088 | 7 529 | 7 645 | 8 270 | 8 270 | 8 042 | 8 525 | 9 036 |
| Social Development | To create a healthy and sustainable environment by improving social services and the maintenance of public facilities and buildings. | F | | 3 658 | 14 249 | 18 066 | 1 695 | 22 383 | 22 383 | 22 687 | 24 048 | 25 491 |
| | To create and maintain public areas, sportsfields and resorts for the benefit of the community . | G | | 479 | 24 | 1 | 169 | 120 | 120 | 148 | 157 | 167 |
| Financial Viability | To create an environment of effective, accountable and viable financial management with reliable information technology and accurate database by fully implementing all MFMA regulations and reforms | H | | 21 993 | 13 695 | 10 448 | 33 690 | 21 796 | 21 796 | 16 354 | 17 133 | 18 277 |
| Health | Promote a healthy municipal area. | I | | 140 | 149 | 149 | 323 | 100 | 100 | – | – | – |
| Safety & Security | To create a safe and secure environment by providing fire brigade services. | J | | 29 | 15 | 163 | 182 | 186 | 186 | 336 | 356 | 377 |
| | | | | | | | | | | | | |
| Allocations to other priorities | | | | | | | | | | | | |
| Total Expenditure | | | | 50 383 | 60 571 | 65 924 | 71 073 | 82 805 | 82 805 | 86 298 | 89 153 | 94 618 |

Table 25 MBRR Table SA6 - Reconciliation between the IDP strategic objectives and budgeted capital expenditure

| Strategic Objective | Goal | Goal Code | Ref | 2008/9 | 2009/10 | 2010/11 | Current Year 2011/12 | | | 2012/13 Medium Term Revenue & Expenditure Framework | | | |
|--|---|-----------|-----|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|---|------------------------|------------------------|--------|
| | | | | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Budget Year 2012/13 | Budget Year +1 2013/14 | Budget Year +2 2014/15 | |
| R thousand | | | | | | | | | | | | | |
| Good Governance | To build an institution capable of effective delivery with sound administration and good governance practices | A | | – | 1 069 | 674 | 888 | 928 | 928 | 460 | 488 | 517 | |
| Sustainable Infrastructure Development | Provide Sustainable Infrastructure Development by improving and reconstructing access roads, other streets and storm water. | B | | 10 103 | 1 778 | 1 968 | 5 150 | 5 150 | 5 150 | 4 614 | 7 500 | 12 843 | |
| Sustainable Basic Services | To provide adequate sustainable basic services for improved quality of life for our communities by eradicating service delivery backlogs and providing sustainable electricity. | C | | 3 805 | 2 474 | 1 315 | – | – | – | – | – | – | |
| | To provide adequate sustainable basic services for improved quality of life for our communities by eradicating service delivery backlogs and providing sustainable quality water. | D | | 1 293 | 8 566 | 1 146 | 200 | 200 | 200 | – | 1 750 | – | |
| | To provide adequate sustainable basic services for improved quality of life for our communities by eradicating service delivery backlogs and providing high quality sewerage and sanitation and other waste services. | E | | 1 610 | 760 | 610 | 2 950 | 2 950 | 2 950 | 5 336 | 3 700 | – | |
| Social Development | To create a healthy and sustainable environment by improving social services and the maintenance of public facilities and buildings. | F | | – | 1 013 | 385 | 300 | 482 | 482 | 2 405 | 896 | 949 | |
| | To create and maintain public areas, sportsfields and resorts for the benefit of the community. | G | | – | – | – | – | – | – | – | – | – | |
| Financial Viability | To create an environment of effective, accountable and viable financial management with reliable information technology and accurate database by fully implementing all MFMA regulations and reforms | H | | – | 44 | 49 | – | 70 | 70 | 150 | 159 | 169 | |
| Health | Promote a healthy municipal area. | I | | – | – | – | – | – | – | – | – | – | |
| Safety & Security | To create a safe and secure environment by providing fire brigade services. | J | | – | – | – | – | – | – | – | – | – | |
| | | K | | | | | | | | | | | |
| | | L | | | | | | | | | | | |
| | | M | | | | | | | | | | | |
| | | N | | | | | | | | | | | |
| | | O | | | | | | | | | | | |
| | | P | | | | | | | | | | | |
| Allocations to other priorities | | | | 3 | | | | | | | | | |
| Total Capital Expenditure | | | | 1 | 16 812 | 15 704 | 6 147 | 9 488 | 9 780 | 9 780 | 12 965 | 14 492 | 14 478 |

Table 33 MBRR Table SA7 – Measurable Performance Objectives

| Description | Unit of measurement | 2008/9 | 2009/10 | 2010/11 | Current Year 2011/12 | | | 2012/13 Medium Term Revenue & Expenditure Framework | | |
|--|-----------------------|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|---|------------------------|------------------------|
| | | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Budget Year 2012/13 | Budget Year +1 2013/14 | Budget Year +2 2014/15 |
| Planning and Development | | | | | | | | | | |
| Roads and Stormwater Drainage | | | | | | | | | | |
| Upgrading of streets and stormwater | | | | | | | | | | |
| Upgrading of infrastructure to level and | Completion of project | 10 103 273 | 1 777 903 | 1 967 955 | 5 150 000 | 5 150 000 | 5 150 000 | 4 613 700 | 7 500 000 | 12 843 000 |
| Sub-function 2 - (name) | | | | | | | | | | |
| Insert measure/s description | | | | | | | | | | |
| Sub-function 3 - (name) | | | | | | | | | | |
| Insert measure/s description | | | | | | | | | | |
| Function 2 - (name) | | | | | | | | | | |
| Sub-function 1 - (name) | | | | | | | | | | |
| Insert measure/s description | | | | | | | | | | |
| Sub-function 2 - (name) | | | | | | | | | | |
| Insert measure/s description | | | | | | | | | | |
| Sub-function 3 - (name) | | | | | | | | | | |
| Insert measure/s description | | | | | | | | | | |
| Vote 2 - vote name | | | | | | | | | | |
| Function 1 - (name) | | | | | | | | | | |
| Sub-function 1 - (name) | | | | | | | | | | |
| Insert measure/s description | | | | | | | | | | |
| Sub-function 2 - (name) | | | | | | | | | | |
| Insert measure/s description | | | | | | | | | | |
| Sub-function 3 - (name) | | | | | | | | | | |
| Insert measure/s description | | | | | | | | | | |
| Function 2 - (name) | | | | | | | | | | |
| Sub-function 1 - (name) | | | | | | | | | | |
| Insert measure/s description | | | | | | | | | | |
| Sub-function 2 - (name) | | | | | | | | | | |
| Insert measure/s description | | | | | | | | | | |
| Sub-function 3 - (name) | | | | | | | | | | |
| Insert measure/s description | | | | | | | | | | |
| Vote 3 - vote name | | | | | | | | | | |
| Function 1 - (name) | | | | | | | | | | |
| Sub-function 1 - (name) | | | | | | | | | | |
| Insert measure/s description | | | | | | | | | | |
| Sub-function 2 - (name) | | | | | | | | | | |
| Insert measure/s description | | | | | | | | | | |
| Sub-function 3 - (name) | | | | | | | | | | |
| Insert measure/s description | | | | | | | | | | |
| Function 2 - (name) | | | | | | | | | | |
| Sub-function 1 - (name) | | | | | | | | | | |
| Insert measure/s description | | | | | | | | | | |
| Sub-function 2 - (name) | | | | | | | | | | |
| Insert measure/s description | | | | | | | | | | |
| Sub-function 3 - (name) | | | | | | | | | | |
| Insert measure/s description | | | | | | | | | | |
| And so on for the rest of the Votes | | | | | | | | | | |

2.3 Measurable performance objectives and indicators

Performance Management is a system intended to manage and monitor service delivery progress against the identified strategic objectives and priorities. In accordance with legislative requirements and good business practices as informed by the National Framework for Managing Programme Performance Information, the Municipality has developed and implemented a performance management system of which system is constantly refined as the integrated planning process unfolds. The Municipality targets, monitors, assess and reviews organisational performance which in turn is directly linked to individual employee's performance.

The following table sets out the municipalities main performance objectives and benchmarks for the 2011/12 MTREF.

Table 34 MBRR Table SA8 - Performance indicators and benchmarks

NC071 Ubuntu - Supporting Table SA8 Performance indicators and benchmarks

| WC07 Outcome - Supporting Table SA0 Performance Indicators and Benchmarks | | | | | | | | | | | |
|--|--|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|-------------------|---|------------------------|------------------------|
| Description of financial indicator | Basis of calculation | 2008/9 | 2009/10 | 2010/11 | Current Year 2011/12 | | | | 2012/13 Medium Term Revenue & Expenditure Framework | | |
| | | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Pre-audit outcome | Budget Year 2012/13 | Budget Year +1 2013/14 | Budget Year +2 2014/15 |
| <u>Borrowing Management</u> | | | | | | | | | | | |
| Credit Rating | | | | | | | | | | | |
| Capital Charges to Operating Expenditure | Interest & Principal Paid /Operating Expenditure | 2.0% | 1.8% | 1.7% | 3.4% | 0.9% | 0.9% | 0.9% | 1.0% | 1.0% | 1.0% |
| Capital Charges to Own Revenue | Finance charges & Repayment of borrowing /Own Revenue | 2.9% | 3.0% | 2.7% | 6.7% | 1.9% | 1.9% | 1.9% | 1.8% | 1.7% | 1.6% |
| Borrowed funding of 'own' capital expenditure | Borrowing/Capital expenditure ex.cl. transfers and grants and contributions | 0.0% | 6.7% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| <u>Safety of Capital</u> | | | | | | | | | | | |
| Gearing | Long Term Borrowing/ Funds & Reserves | 91.6% | 87.1% | 65.3% | 100.8% | 45.0% | 45.0% | 45.0% | 23.0% | 5.5% | 2.8% |
| <u>Liquidity</u> | | | | | | | | | | | |
| Current Ratio | Current assets/current liabilities | 1.7 | 0.9 | 0.5 | 2.7 | 0.1 | 0.1 | 0.1 | 0.1 | 0.0 | 0.0 |
| Current Ratio adjusted for aged debtors | Current assets less debtors > 90 days/current liabilities | 1.7 | 0.9 | 0.5 | 2.7 | 0.1 | 0.1 | 0.1 | 0.1 | 0.0 | 0.0 |
| Liquidity Ratio | Monetary Assets/Current Liabilities | 0.1 | 0.4 | 0.3 | 1.1 | (0.0) | (0.0) | (0.0) | - | - | (0.0) |
| <u>Revenue Management</u> | | | | | | | | | | | |
| Annual Debtors Collection Rate (Payment Level %) | Last 12 Mths Receipts/Last 12 Mths Billing | | 63.7% | 78.2% | 87.7% | 57.6% | 78.7% | 78.7% | 78.7% | 90.0% | 89.7% |
| Current Debtors Collection Rate (Cash receipts % of Ratepayer & Other revenue) | | | 64.4% | 78.2% | 88.1% | 58.3% | 78.7% | 78.7% | 78.7% | 90.0% | 89.7% |
| Outstanding Debtors to Revenue | Total Outstanding Debtors to Annual Revenue | 19.3% | 11.5% | 4.0% | 26.3% | 3.4% | 3.4% | 3.4% | 2.8% | 2.8% | 3.2% |
| Longstanding Debtors Recovered | Debtors > 12 Mths Recovered/Total Debtors > 12 Months Old | | | | | | | | | | |
| <u>Creditors Management</u> | | | | | | | | | | | |
| Creditors System Efficiency | % of Creditors Paid Within Terms (within MFMA' s 65(e)) | | | | | | | | | | |
| Creditors to Cash and Investments | | -136.8% | 135.4% | 186.5% | 45.1% | -46.8% | -46.8% | -46.8% | -30.1% | -23.9% | -20.4% |
| <u>Other Indicators</u> | | | | | | | | | | | |
| Electricity Distribution Losses (2) | % Volume (units purchased and generated less units sold)/units purchased and generated | | | | | | | | | | |
| Water Distribution Losses (2) | % Volume (units purchased and own source less units sold)/Total units purchased and own source | | | | | | | | | | |
| Employee costs | Employee costs/(Total Revenue - capital revenue) | 18.7% | 26.5% | 30.0% | 43.8% | 42.2% | 42.2% | 42.2% | 40.2% | 39.9% | 39.7% |
| Remuneration | Total remuneration/(Total Revenue - capital revenue) | 21.3% | 29.9% | 33.0% | 47.2% | 45.8% | 45.8% | | 43.0% | 42.7% | 42.5% |
| Repairs & Maintenance | R&M/(Total Revenue excluding capital revenue) | 1.8% | 3.1% | 3.8% | 0.0% | 9.6% | 9.6% | | 7.1% | 7.0% | 7.0% |
| Finance charges & Depreciation | FC&D/(Total Revenue - capital revenue) | 7.3% | 12.2% | 10.9% | 10.9% | 10.1% | 10.1% | 10.1% | 9.0% | 8.9% | 8.8% |
| <u>IDP regulation financial viability indicators</u> | | | | | | | | | | | |
| i. Debt coverage | (Total Operating Revenue - Operating Grants)/Debt service payments due within financial year) | 14.6 | 17.0 | 19.2 | 62.2 | 62.2 | 62.2 | 16.3 | 20.0 | 20.1 | 21.4 |
| ii. O/S Service Debtors to Revenue | Total outstanding service debtors/annual revenue received for services | 78.4% | 32.9% | 12.1% | 86.1% | 10.1% | 10.1% | 10.1% | 7.0% | 7.1% | 8.2% |
| iii. Cost coverage | (Available cash + Investments)/monthly fixed operational expenditure | (0.5) | 1.2 | 0.8 | 3.8 | (2.8) | (2.8) | (2.8) | (4.5) | (5.8) | (6.8) |

2.3.1 Performance indicators and benchmarks

2.3.1.1 Borrowing Management

Currently the municipality has a DBSA loan which will be paid up by 2014/2015.

2.3.1.2 Liquidity

- *Current ratio* is a measure of the current assets divided by the current liabilities and as a benchmark the Municipality has set a limit of 1, hence at no point in time should this ratio be less than 1. For the 2012/13 MTREF the current ratio is 1 in the 2012/13 financial year and 0 for the two outer years of the MTREF. Going forward it will be necessary to improve these levels.
- *The liquidity ratio* is a measure of the ability of the municipality to utilize cash and cash equivalents to extinguish or retire its current liabilities immediately. Ideally the municipality should have the equivalent cash and cash equivalents on hand to meet at least the current liabilities, which should translate into a liquidity ratio of 1. Anything below 1 indicates a shortage in cash to meet creditor obligations. The ratio is zero from 2011/12 adjustment budget up till 2014/15. This needs to be considered a pertinent risk for the municipality as any under collection of revenue will translate into serious financial challenges for the Municipality. As part of the longer term financial planning objectives this ratio will have to be set at a minimum of 1.

2.3.1.3 Revenue Management

- The intention of the strategy is to streamline the revenue value chain by ensuring accurate billing, customer service, credit control and debt collection.

2.3.1.4 Creditors Management

- Table SA8 must be revisited. Creditors payment culture must be completed.

2.3.1.5 Other Indicators

- *Employee Costs* as a percentage of operating revenue decreases over the MTREF.
- *Repairs and Maintenance* as percentage of operating revenue is 7 per cent over the MTREF.

2.3.2 Free Basic Services: basic social services package for indigent households

The social package assists residents that have difficulty paying for services and are registered as indigent households in terms of the Indigent Policy of the Municipality. With the exception of water, only registered indigents qualify for the free basic services.

For the 2012/13 financial year 1 332 registered indigents have been provided for in the budget with this figure decreasing to 1 150 by 2014/15. In terms of the Municipality's indigent policy registered households are entitled to 6kℓ free water, 50 kwh of Electricity, 6 kℓ sanitation and free waste removal equivalent to 85ℓ once a week, household waste and once a week for other refuse, as well as a discount on their property rates.

Further detail relating to the number of households receiving free basic services, the cost of free basic services, highest level of free basic services as well as the revenue cost associated with the free basic services is contained in Table 27 MBRR A10 (Basic Service Delivery Measurement) on page 36.

Note that the number of households in informal areas that receive free services and the cost of these services (e.g. the provision of water through stand pipes, water tankers, etc) are not taken into account in the table noted above.

2.4 Overview of budget related-policies

The Municipality's budgeting process is guided and governed by relevant legislation, frameworks, strategies and related policies.

2.4.1 Review of credit control and debt collection procedures/policies

The Collection Policy as approved by Council 23 June 2008 is currently under review. While the adopted policy is credible, sustainable, manageable and informed by affordability and value for money there has been a need to review certain components to achieve a higher collection rate. Some of the possible revisions will include the lowering of the credit periods for the down payment of debt. In addition emphasis will be placed on speeding up the indigent registration process to ensure that credit control and debt collection efforts are not fruitlessly wasted on these debtors.

The 2012/13 MTREF has been prepared on the basis of achieving an average debtors' collection rate of 95 per cent on current billings. In addition the collection of debt in excess of 90 days has been prioritised as a pertinent strategy in increasing the Municipality's cash levels. In addition, the potential of a payment incentive scheme is being investigated and if found to be viable will be incorporated into the policy.

2.4.2 Asset Management, Infrastructure Investment and Funding Policy

A proxy for asset consumption can be considered the level of depreciation each asset incurs on an annual basis. Preserving the investment in existing infrastructure needs to be considered a significant strategy in ensuring the future sustainability of infrastructure and the Municipality's revenue base. Within the framework, the need for asset renewal was considered a priority and hence the capital programme was determined based on renewal of current assets versus new asset construction.

Further, continued improvements in technology generally allows many assets to be renewed at a lesser 'real' cost than the original construction cost. Therefore, it is considered prudent to allow for a slightly lesser continual level of annual renewal than the average annual depreciation. The Asset Management, Infrastructure and Funding Policy is therefore considered a strategic guide in ensuring a sustainable approach to asset renewal, repairs and maintenance and is utilised as a guide to the selection and prioritisation of individual capital projects. In addition the policy prescribes the accounting and administrative policies and procedures relating to property, plant and equipment (fixed assets).

2.4.3 Budget Adjustment Policy

The adjustments budget process is governed by various provisions in the MFMA and is aimed at instilling and establishing an increased level of discipline, responsibility and accountability in the financial management practices of municipalities. To ensure that the Municipality continues

to deliver on its core mandate and achieves its developmental goals, the mid-year review and adjustment budget process will be utilised to ensure that underperforming functions are identified and funds redirected to performing functions.

2.4.4 Supply Chain Management Policy

The Supply Chain Management Policy was adopted by Council on 23 June 2008. This policy was amended, tabled and implemented on 12 May 2011.

2.4.5 Budget and Virement Policy

The Budget and Virement Policy aims to empower senior managers with an efficient financial and budgetary amendment and control system to ensure optimum service delivery within the legislative framework of the MFMA and the Municipality's system of delegations.

2.4.6 Cash Management and Investment Policy

The Municipality's Cash Management and Investment Policy was adopted by Council on 23 June 2008. The aim of the policy is to ensure that the Municipality's surplus cash and investments are adequately managed, especially the funds set aside for the cash backing of certain reserves. The policy details the minimum cash and cash equivalents required at any point in time and introduce time frames to achieve certain benchmarks.

2.4.7 Tariff Policies

The Municipality's tariff policies provide a broad framework within which the Council can determine fair, transparent and affordable charges that also promote sustainable service delivery. The policies have been approved on 23 June 2008.

2.5 Overview of budget assumptions

2.5.1 External factors

Domestically, after five years of strong growth, during which about two million jobs were created, our economy shrank by an estimated 1.8 per cent last year and about 900 000 people lost their jobs. It is expected that recovery from this deterioration will be slow and uneven, and that growth for 2011 will be 2.3 per cent rising to 3.6 per cent by 2012.

Owing to the economic slowdown, financial resources are limited due to reduced payment levels by consumers. This has resulted in declining cash inflows, which has necessitated restrained expenditure to ensure that cash outflows remain within the affordability parameters of the Municipality's finances.

2.5.2 General inflation outlook and its impact on the municipal activities

There are four key factors that have been taken into consideration in the compilation of the 2012/13 MTREF:

- National Government macro-economic targets;
- The general inflationary outlook and the impact on Municipality's residents and businesses;
- The impact of municipal cost drivers;
- The increase in prices for bulk Electricity and water; and
- Employee related costs comprise 33 per cent of total operating expenditure in 2012/13 MTREF and therefore any increase above inflation places a disproportionate upward pressure on the expenditure budget. Also note that there is currently no wage settlement agreement in place, whereas the unions demand about 1 per cent as salary increase for implementation 01 July 2012, still the categorisation and job evaluation wage curve agreement signed on 21 April 2010 as a matter of further concern and must also be noted.

2.5.3 Credit rating outlook

Table 26 Credit rating outlook

| Security class | Currency | Rating | Annual rating 2009/10 | Previous Rating |
|----------------|----------|----------|-----------------------|-----------------|
| Short term | Rand | Prime -1 | 20 April 2010 | Prime -1 |
| Long-term | Rand | Aa3 | 20 April 2010 | Aa3 |
| Outlook | Rand | Negative | 20 April 2010 | Negative |

The rating definitions are:

- Short term : Prime – 1
Short-Term Debt Ratings (maturities of less than one year)
Prime-1 (highest quality)
- Long-term : Aa3
Defined as high-grade. "Aa" rated are judged to be of high quality and are subject to very low credit risk.

2.5.4 Interest rates for borrowing and investment of funds

The MFMA specifies that borrowing can only be utilised to fund capital or refinancing of borrowing in certain conditions. The Municipality engages in financing arrangements to minimise its interest rate costs and risk, with the DBSA, the holder of its only long term liability, in order to minimise the interest rate cost and risk. However, for simplicity the 2012/13 MTREF is based on the assumption that all borrowings are undertaken using fixed interest rates for amortisation-style loans requiring both regular principal and interest payments. As part of the compilation of

the 2012/13 MTREF the potential of smoothing out the debt profile over the long term will be investigated.

2.5.5 Collection rate for revenue services

The base assumption is that tariff and rating increases will increase at a rate slightly higher than CPI over the long term. It is also assumed that current economic conditions, and relatively controlled inflationary conditions, will continue for the forecasted term.

The rate of revenue collection is currently expressed as a percentage (95 per cent) of annual billings. Cash flow is assumed to be 95 per cent of billings, plus an increased collection of arrear debt from the revised collection and credit control policy. The performance of arrear collections will however only be considered a source of additional cash in-flow once the performance has been carefully monitored.

2.5.6 Growth or decline in tax base of the municipality

Household formation is the key factor in measuring municipal revenue and expenditure growth, as servicing 'households' is a greater municipal service factor than servicing individuals. Household formation rates are assumed to convert to household dwellings. In addition the change in the number of poor households influences the net revenue benefit derived from household formation growth, as it assumes that the same costs incurred for servicing the household exist, but that no consumer revenue is derived as the 'poor household' limits consumption to the level of free basic services. Currently the subsidy levels of indigent which is equal to the sum of two old age pensioners, if further erodes the income potential, because measuring it against the per capita income of the average households it is not affordable. One must acknowledge that as part of the Pixley ka Seme District the second poorest region in the province maybe the indigent subsidy level are justified.

2.5.7 Salary increases

An anticipated increase of 8% was budgeted whereas the union demand much higher and SALGA offers prime + 1 per cent. In accordance with the latter we are well within the range, because their highest offer is going to be 7.5 per cent.

2.5.8 Impact of national, provincial and local policies

Integration of service delivery between national, provincial and local government is critical to ensure focussed service delivery and in this regard various measures were implemented to align IDPs, provincial and national strategies around priority spatial interventions. In this regard, the following national priorities form the basis of all integration initiatives:

- Creating jobs;
- Enhancing education and skill development;
- Improving Health services;
- Rural development and agriculture; and
- Fighting crime and corruption.

To achieve these priorities integration mechanisms are in place to ensure integrated planning and execution of various development programs. The focus will be to strengthen the link between policy priorities and expenditure thereby ensuring the achievement of the national, provincial and local objectives.

2.5.9 Ability of the municipality to spend and deliver on the programmes

It is estimated that a spending rate of at least 97 per cent is achieved on operating expenditure and 98 per cent on the capital programme for the 2012/13 MTREF of which performance has been factored into the cash flow budget.

2.6 Overview of budget funding

2.6.1 Medium-term outlook: operating revenue

The following table is a breakdown of the operating revenue over the medium-term:

Table 276 Breakdown of the operating revenue over the medium-term

| Description | 2012/13 Medium Term Revenue & Expenditure Framework | | | | | |
|--|---|----------------|------------------------|-------------|------------------------|-----------|
| R thousands | Budget Year 2012/13 | % | Budget Year +1 2013/14 | % | Budget Year +2 2014/15 | % |
| Financial Performance | | | | | | |
| Property rates | 6,196 | 44% | 6,568 | 6% | 6,962 | 6% |
| Service charges | 21,394 | 46% | 22,677 | 6% | 24,039 | 6% |
| Investment revenue | 380 | 19% | 403 | 6% | 427 | 6% |
| Transfers recognised - operational | 20,785 | 12% | 22,637 | 9% | 24,289 | 8% |
| Other own revenue | 22,442 | 12% | 23,788 | 6% | 25,215 | 6% |
| Total Revenue (excluding capital transfers and contributions) | 71,197 | 16% | 76,073 | 7% | 80,932 | 7% |
| Total Expenditure | 86,298 | 4.2% | 89,153 | 3.3% | 94,618 | 6% |
| Surplus/(Deficit) | (15,101) | -39.19% | (13,079) | -14% | (13,686) | 5% |

The following graph is a breakdown of the operational revenue per main category for the 2011/12 financial year.

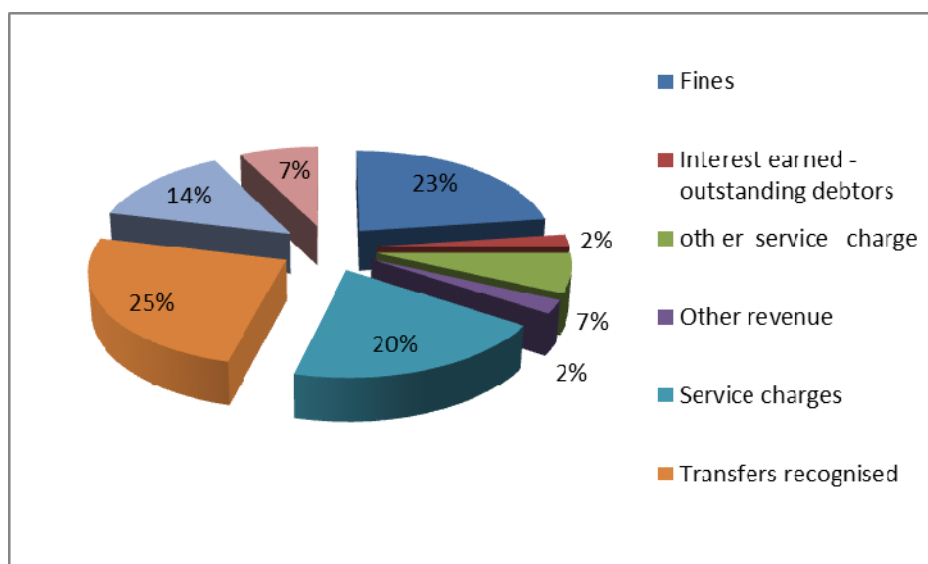


Figure 6: Breakdown of operating revenue over the 2012/13 MTREF

Tariff setting plays a major role in ensuring desired levels of revenue. Getting tariffs right assists in the compilation of a credible and funded budget. The Municipality derives the bulk of its operational revenue from the provision of services such as Water, Electricity, Sanitation and

Solid Waste removal amounting to R21,394 million for 2012/13. Property rates Revenue is R 6,196 million, Traffic Fines Revenue R 19,090 million and operating grants from organs of state amount to R 20,785 million and other minor charges (such as building plan fees, licenses and permits etc).

The revenue strategy is a function of key components such as:

- Revenue management;
- Achievement of a 79 per cent annual collection rate for consumer revenue, that increase for 2013/14 and 2014/15 to 90 per cent collection rate;
- National Treasury guidelines;
- Electricity tariff increases within the National Electricity Regulator of South Africa (NERSA) approval;
- Achievement of full cost recovery of specific user charges;
- Determining tariff escalation rate by establishing/calculating revenue requirements; and
- The Property Rates Policy in terms of the Municipal Property Rates Act, 2004 (Act 6 of 2004) (MPRA);

The above principles guide the annual increase in the tariffs charged to the consumers and the ratepayers aligned to the economic forecasts.

The proposed tariff increases for the 2012/13 MTREF on the different revenue categories are:

Table 28 Proposed tariff increases over the medium-term

| Revenue category | 2012/13 proposed tariff increase | 2013/14 proposed tariff increase | 2014/15 proposed tariff increase | 2012/13 Total Budgeted revenue |
|------------------|--|--|--|---|
| | % | % | % | R'000 |
| Property rates | 9% | 6% | 6% | 6 196 |
| Sanitation | 6% | 6% | 6% | 4 517 |
| Solid Waste | 6% | 6% | 6% | 3 268 |
| Water | 6% | 6% | 6% | 3 431 |
| Electricity | 11.03% | 12% | 12% | 10 178 |
| Total | | | | 27 590 |

Revenue to be generated from property rates is R6,196 million in the 2012/13 financial year and increases to R6,962 million by 2014/15 which represents 12.4 per cent of the operating revenue base of the Municipality. It remains relatively constant over the medium-term. With the implementation of the Municipal Property Rates Act the basis of rating significantly changed.

The valuation roll came into effect 01 July 2009 and therefore a supplementary valuation roll must form part of the 2012/13 financial year budget. This process will be mainly funded by the Municipal Infrastructure Grant.

Services charges relating to Electricity, water, sanitation and refuse removal constitutes the biggest component of the revenue basket of the Municipality totalling R21,394 million for the 2012/13 financial year and increasing to R24,039 million by 2014/15. For the 2012/13 MTREF services charges amount to 30 per cent of the total revenue base.

Operational grants and subsidies amount to R20,785 million, R22,637 million and R24,289 million for each of the respective financial years of the MTREF, or 29.1, 29.7 and 30 per cent of operating revenue. It needs to be noted that in real terms the grants receipts from national

government are growing rapidly over the MTREF by 9 per cent and 7 per cent for the two outer years.

Investment revenue contributes marginally to the revenue base of the Municipality with a budget allocation of R1,485 million, R1,574 million and R1,668 million for the respective three financial years of the 2012/13 MTREF. It needs to be noted that these allocations have been conservatively estimated and as part of the cash backing of reserves and provisions. The actual performance against budget will be carefully monitored. Any variances in this regard will be addressed as part of the mid-year review and adjustments budget.

The tables below provide detail investment information and investment particulars by maturity.

Table 29 MBRR SA15 – Detail Investment Information

| Investment type | Ref | 2008/9 | 2009/10 | 2010/11 | Current Year 2011/12 | | | 2012/13 Medium Term Revenue & Expenditure Framework | | |
|--|-----|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|---|------------------------|------------------------|
| | | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Budget Year 2012/13 | Budget Year +1 2013/14 | Budget Year +2 2014/15 |
| R thousand | | | | | | | | | | |
| Parent municipality | | | | | | | | | | |
| Securities - National Government | | - | - | - | - | - | - | - | - | - |
| Listed Corporate Bonds | | - | - | - | - | - | - | - | - | - |
| Deposits - Bank | | 2 323 | 5 620 | 5 911 | 10 567 | 1 425 | 1 425 | 1 485 | 1 574 | 1 668 |
| Deposits - Public Investment Commissioners | | - | - | - | - | - | - | - | - | - |
| Deposits - Corporation for Public Deposits | | - | - | - | - | - | - | - | - | - |
| Bankers Acceptance Certificates | | - | - | - | - | - | - | - | - | - |
| Negotiable Certificates of Deposit - Banks | | - | - | - | - | - | - | - | - | - |
| Guaranteed Endowment Policies (sinking) | | - | - | - | - | - | - | - | - | - |
| Repurchase Agreements - Banks | | - | - | - | - | - | - | - | - | - |
| Municipal Bonds | | - | - | - | - | - | - | - | - | - |
| Municipality sub-total | 1 | 2 323 | 5 620 | 5 911 | 10 567 | 1 425 | 1 425 | 1 485 | 1 574 | 1 668 |

Table 30 MBRR SA16 – Investment particulars by maturity

| Investments by Maturity | Ref | Period of Investment | Type of Investment | Capital Guarantee (Yes/ No) | Variable or Fixed interest rate | Interest Rate 3. | Commission Paid (Rands) | Commission Recipient | Expiry date of investment | Monetary value | Interest to be realised |
|-------------------------------------|-----|----------------------|--------------------|-----------------------------|---------------------------------|------------------|-------------------------|----------------------|---------------------------|----------------|-------------------------|
| Name of institution & investment ID | | 1 | | | | | | | | Yrs/Months | |
| Parent municipality | | | | | | | | | | Rand thousand | |
| FNB -Subsidi Kerkstraat | | 1 Yr | Fixed | Yes | Variable | 6.5 - 8.34% | 0 | na | February 2013 May 2013 | 76 1 409 | 6 105 |
| Municipality sub-total | | | | | | | | | | 1 485 | 110 |
| Entities | | | | | | | | | | | |
| | | | | | | | | | | | |
| Entities sub-total | | | | | | | | | | - | - |
| TOTAL INVESTMENTS AND INTEREST | 1 | | | | | | | | | 1 485 | 110 |

For the medium-term, the funding strategy has been informed directly by ensuring financial sustainability and continuity. The MTREF therefore provides for a budgeted deficit of R15,101 million, R13,079 million and R13,686 million in each of the financial years.

2.6.2 Medium-term outlook: capital revenue

The following table is a breakdown of the funding composition of the 2012/13 medium-term capital programme:

Table 31 Sources of capital revenue over the MTREF

| Vote Description | | | 2012/13 Medium Term Revenue & Expenditure Framework | | | | | |
|----------------------------------|-----------------|------------|---|---------------|------------------------|---------------|------------------------|--------------|
| R thousand | Adjusted budget | % | Budget Year 2012/13 | % | Budget Year +1 2013/14 | % | Budget Year +2 2014/15 | % |
| Funded by: | | | | | | | | |
| National Government | 9,488 | | 11,510 | | 12,141 | | 12,843 | |
| Provincial Government | - | | - | | - | | - | |
| Transfers recognised - capital | 9 488 | 101.8% | 11 510 | 21.3% | 12 141 | 5.48% | 12 843 | 5.78% |
| Public contributions & donations | - | | - | | - | | - | |
| Borrowing | - | | - | | - | | - | |
| Internally generated funds | 292 | -89% | 1,455 | 398% | 2,351 | 61.58% | 1,635 | -30.45% |
| Total Capital Funding | 9,780 | 59% | 12,965 | 32.56% | 14,492 | 11.77% | 14,478 | -0.1% |

The above table is graphically represented as follows for the 2012/13 financial year.

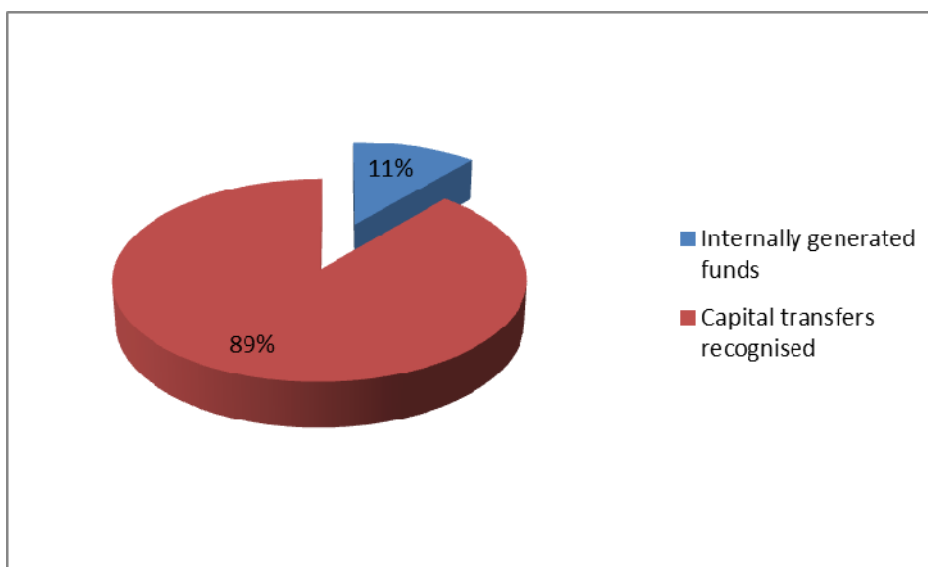


Figure 7: Sources of capital revenue for the 2012/13 financial year

Capital grants and receipts equates to 88.77 per cent of the total funding source which represents R11,510 million for the 2012/13 financial year and steadily increase to R12,843 million or 88.7 per cent by 2011/15. Grant receipts remain more or less the same at 88.7, 83.77 and 88.7 per cent over the medium-term.

Table 32 MBRR Table SA 17 - Detail of borrowings

| Borrowing - Categorised by type | Ref | 2008/9 | 2009/10 | 2010/11 | Current Year 2011/12 | | | 2012/13 Medium Term Revenue & Expenditure Framework | | |
|--|-----|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|---|------------------------|------------------------|
| | | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Budget Year 2012/13 | Budget Year +1 2013/14 | Budget Year +2 2014/15 |
| R thousand | | | | | | | | | | |
| Parent municipality | | | | | | | | | | |
| Long-Term Loans (annuity/reducing balance) | | 885 | 750 | 597 | 1 436 | 396 | 396 | 175 | - | - |
| Long-Term Loans (non-annuity) | | - | - | - | - | - | - | - | - | - |
| Local registered stock | | - | - | - | - | - | - | - | - | - |
| Instalment Credit | | - | - | - | - | - | - | - | - | - |
| Financial Leases | | 86 | 172 | 95 | - | 80 | 80 | 68 | 58 | 30 |
| PPP liabilities | | - | - | - | - | - | - | - | - | - |
| Finance Granted By Cap Equipment Supplier | | - | - | - | - | - | - | - | - | - |
| Marketable Bonds | | - | - | - | - | - | - | - | - | - |
| Non-Marketable Bonds | | - | - | - | - | - | - | - | - | - |
| Bankers Acceptances | | - | - | - | - | - | - | - | - | - |
| Financial derivatives | | - | - | - | - | - | - | - | - | - |
| Other Securities | | - | - | - | - | - | - | - | - | - |
| Municipality sub-total | 1 | 971 | 922 | 692 | 1 436 | 477 | 477 | 244 | 58 | 30 |
| Entities | | | | | | | | | | |
| Long-Term Loans (annuity/reducing balance) | | - | - | - | - | - | - | - | - | - |
| Long-Term Loans (non-annuity) | | - | - | - | - | - | - | - | - | - |
| Local registered stock | | - | - | - | - | - | - | - | - | - |
| Instalment Credit | | - | - | - | - | - | - | - | - | - |
| Financial Leases | | - | - | - | - | - | - | - | - | - |
| PPP liabilities | | - | - | - | - | - | - | - | - | - |
| Finance Granted By Cap Equipment Supplier | | - | - | - | - | - | - | - | - | - |
| Marketable Bonds | | - | - | - | - | - | - | - | - | - |
| Non-Marketable Bonds | | - | - | - | - | - | - | - | - | - |
| Bankers Acceptances | | - | - | - | - | - | - | - | - | - |
| Financial derivatives | | - | - | - | - | - | - | - | - | - |
| Other Securities | | - | - | - | - | - | - | - | - | - |
| Entities sub-total | 1 | - | - | - | - | - | - | - | - | - |
| Total Borrowing | 1 | 971 | 922 | 692 | 1 436 | 477 | 477 | 244 | 58 | 30 |
| Unspent Borrowing - Categorised by type | | | | | | | | | | |
| Parent municipality | | | | | | | | | | |
| Long-Term Loans (annuity/reducing balance) | | - | - | - | - | - | - | - | - | - |
| Long-Term Loans (non-annuity) | | - | - | - | - | - | - | - | - | - |
| Local registered stock | | - | - | - | - | - | - | - | - | - |
| Instalment Credit | | - | - | - | - | - | - | - | - | - |
| Financial Leases | | - | - | - | - | - | - | - | - | - |
| PPP liabilities | | - | - | - | - | - | - | - | - | - |
| Finance Granted By Cap Equipment Supplier | | - | - | - | - | - | - | - | - | - |
| Marketable Bonds | | - | - | - | - | - | - | - | - | - |
| Non-Marketable Bonds | | - | - | - | - | - | - | - | - | - |
| Bankers Acceptances | | - | - | - | - | - | - | - | - | - |
| Financial derivatives | | - | - | - | - | - | - | - | - | - |
| Other Securities | | - | - | - | - | - | - | - | - | - |
| Municipality sub-total | 1 | - | - | - | - | - | - | - | - | - |
| Entities | | | | | | | | | | |
| Long-Term Loans (annuity/reducing balance) | | - | - | - | - | - | - | - | - | - |
| Long-Term Loans (non-annuity) | | - | - | - | - | - | - | - | - | - |
| Local registered stock | | - | - | - | - | - | - | - | - | - |
| Instalment Credit | | - | - | - | - | - | - | - | - | - |
| Financial Leases | | - | - | - | - | - | - | - | - | - |
| PPP liabilities | | - | - | - | - | - | - | - | - | - |
| Finance Granted By Cap Equipment Supplier | | - | - | - | - | - | - | - | - | - |
| Marketable Bonds | | - | - | - | - | - | - | - | - | - |
| Non-Marketable Bonds | | - | - | - | - | - | - | - | - | - |
| Bankers Acceptances | | - | - | - | - | - | - | - | - | - |
| Financial derivatives | | - | - | - | - | - | - | - | - | - |
| Other Securities | | - | - | - | - | - | - | - | - | - |
| Entities sub-total | 1 | - | - | - | - | - | - | - | - | - |
| Total Unspent Borrowing | 1 | - | - | - | - | - | - | - | - | - |

Internally generated funds consist of a mixture between surpluses generated on the operating statement of financial performance and cash backed reserves. In determining the credibility of this funding source it becomes necessary to review the cash flow budget as well as the cash backed reserves and accumulated funds reconciliation.

Table 42 MBRR Table SA 18 - Capital transfers and grant receipts

| Description | Ref | 2008/9 | 2009/10 | 2010/11 | Current Year 2011/12 | | | 2012/13 Medium Term Revenue & Expenditure Framework | | |
|--------------------------------------|-----|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|---|------------------------|------------------------|
| | | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Budget Year 2012/13 | Budget Year +1 2013/14 | Budget Year +2 2014/15 |
| Financial derivatives | | 3 926 | 14 858 | 4 701 | 9 488 | 9 488 | 9 488 | 11 510 | 12 141 | 12 843 |
| Municipal Infrastructure Grant (MIG) | | 1 000 | 12 442 | 4 646 | 9 488 | 9 488 | 9 488 | 11 510 | 12 141 | 12 843 |
| Department of water and forestry | | 360 | - | - | - | - | - | - | - | - |
| Finance Management Grant | | - | 129 | 14 | - | - | - | - | - | - |
| Municipal Systems Improvement Grant | | - | - | 42 | - | - | - | - | - | - |
| INEG | | 2 566 | 2 287 | - | - | - | - | - | - | - |
| Instalment Credit | | - | - | 1 001 | - | - | - | - | - | - |
| Library | | - | - | 135 | - | - | - | - | - | - |
| Roads (De Ville Street) | | - | - | 866 | - | - | - | - | - | - |
| Bankers Acceptances | | - | - | - | - | - | - | - | - | - |
| Financial derivatives | | | | | | | | | | |
| Entities sub-total | | 159 | - | - | - | - | - | - | - | - |
| Project Water Loxton | | - | - | - | - | - | - | - | - | - |
| O & M Sewerage Pipe | | 159 | - | - | - | - | - | - | - | - |
| Total Capital Transfers and Grants | 5 | 4 085 | 14 858 | 5 702 | 9 488 | 9 488 | 9 488 | 11 510 | 12 141 | 12 843 |

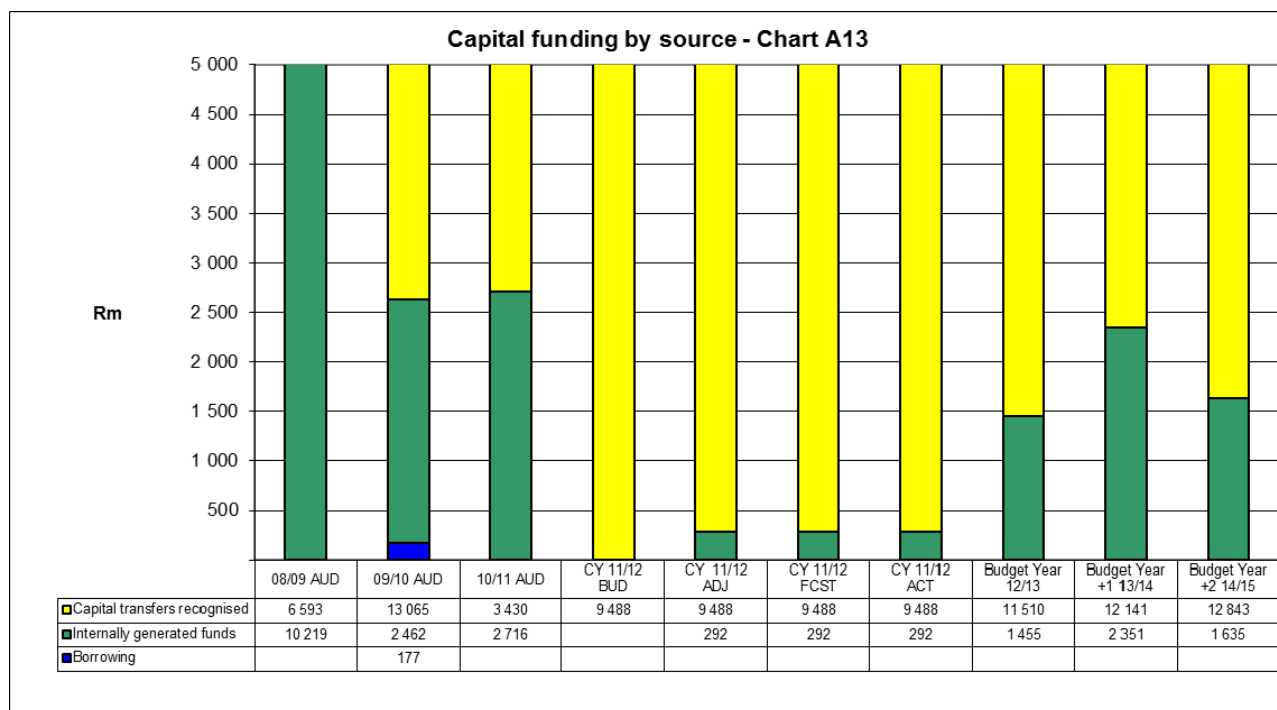


Figure 8: Capital Funding by Source

2.6.3 Cash Flow Management

Cash flow management and forecasting is a critical step in determining if the budget is funded over the medium-term. The table below is consistent with international standards of good financial management practice and also improves understandability for councillors and management. Some specific features include:

- Clear separation of receipts and payments within each cash flow category;
- Clear separation of capital and operating receipts from government, which also enables cash from 'Ratepayers and other' to be provide for as cash inflow based on actual performance. In other words the *actual collection rate* of billed revenue., and
- Separation of borrowing and loan repayments (no set-off), to assist with MFMA compliance assessment regarding the use of long term borrowing (debt).

Table 33 MBRR Table A7 - Budget cash flow statement

| Description | Ref | 2008/9 | 2009/10 | 2010/11 | Current Year 2011/12 | | | | 2012/13 Medium Term Revenue & Expenditure Framework | | |
|---|-----|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|-------------------|---|------------------------|------------------------|
| | | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Pre-audit outcome | Budget Year 2012/13 | Budget Year +1 2013/14 | Budget Year +2 2014/15 |
| R thousand | | | | | | | | | | | |
| CASH FLOW FROM OPERATING ACTIVITIES | | | | | | | | | | | |
| Receipts | | | | | | | | | | | |
| Ratepayers and other | | 21 307 | 28 255 | 35 925 | 20 325 | 30 606 | 30 606 | 30 606 | 44 810 | 47 382 | 49 883 |
| Government - operating | 1 | 29 098 | 13 252 | 16 302 | 18 061 | 18 623 | 18 623 | 18 623 | 20 785 | 22 637 | 24 289 |
| Government - capital | 1 | 6 593 | 13 065 | 3 430 | 9 488 | 9 488 | 9 488 | 9 488 | 11 510 | 12 141 | 12 843 |
| Interest | | 2 385 | 2 155 | 1 954 | 250 | 320 | 320 | 320 | 2 180 | 2 311 | 2 449 |
| Dividends | | - | - | - | - | - | - | - | - | - | - |
| Payments | | | | | | | | | | | |
| Suppliers and employees | | (42 522) | (31 919) | (48 027) | (30 240) | (63 670) | (63 670) | (63 670) | (70 730) | (72 692) | (77 164) |
| Finance charges | | (601) | (943) | (907) | (453) | (486) | (486) | (486) | (650) | (689) | (731) |
| Transfers and Grants | 1 | (3 405) | (2 659) | (3 548) | (3 483) | (3 558) | (3 558) | (3 558) | (4 986) | (5 285) | (5 602) |
| NET CASH FROM/(USED) OPERATING ACTIVITIES | | 12 855 | 21 206 | 5 130 | 13 948 | (8 677) | (8 677) | (8 677) | 2 918 | 5 804 | 5 969 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | | | | | | | | |
| Receipts | | | | | | | | | | | |
| Proceeds on disposal of PPE | | 9 | 3 | 25 | - | 72 | 72 | 72 | 225 | 239 | 253 |
| Decrease (Increase) in non-current debtors | | - | - | - | - | - | - | - | - | - | - |
| Decrease (increase) other non-current receivables | | (220) | (24) | (174) | (260) | - | - | - | - | - | - |
| Decrease (increase) in non-current investments | | (174) | 567 | (24) | - | - | - | - | (60) | (89) | (94) |
| Payments | | | | | | | | | | | |
| Capital assets | | (16 812) | (15 704) | (6 147) | (9 488) | (9 780) | (9 780) | (9 780) | (12 965) | (14 492) | (14 478) |
| NET CASH FROM/(USED) INVESTING ACTIVITIES | | (17 196) | (15 158) | (6 321) | (9 748) | (9 708) | (9 708) | (9 708) | (12 800) | (14 343) | (14 319) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | | | | | | | | | |
| Receipts | | | | | | | | | | | |
| Short term loans | | - | - | - | - | - | - | - | - | - | - |
| Borrowing long term/refinancing | | - | 177 | - | - | - | - | - | - | - | - |
| Increase (decrease) in consumer deposits | | 19 | 30 | 6 | 173 | 9 | 9 | 9 | 12 | 12 | 13 |
| Payments | | | | | | | | | | | |
| Repayment of borrowing | | (391) | (169) | (198) | (1 889) | (245) | (245) | (245) | (236) | (208) | (204) |
| NET CASH FROM/(USED) FINANCING ACTIVITIES | | (372) | 38 | (192) | (1 716) | (235) | (235) | (235) | (224) | (196) | (190) |
| NET INCREASE/ (DECREASE) IN CASH HELD | | | | | | | | | | | |
| Cash/cash equivalents at the year begin: | 2 | 4 713 | 6 086 | (1 383) | 2 484 | (18 621) | (18 621) | (18 621) | (10 106) | (8 734) | (8 541) |
| Cash/cash equivalents at the year end: | 2 | 3 497 | (1 216) | 4 870 | 13 906 | 3 487 | 3 487 | 3 487 | (15 133) | (25 239) | (33 973) |
| Cash/cash equivalents at the year end: | 2 | (1 216) | 4 870 | 3 487 | 16 390 | (15 133) | (15 133) | (15 133) | (25 239) | (33 973) | (42 514) |

The above table shows that cash and cash equivalents of the Municipality were largely depleted between the 2010/11 to 2011/12 financial year moving from a positive cash balance of R6,086 million to a deficit of R18,621 million with the approved 2012/13 MTREF. With the 2011/12 adjustments budget various cost efficiencies and savings had to be realised to ensure the Municipality could meet its operational expenditure commitments. An improved cash position for the Municipality is projected that cash and cash equivalents on hand will improve to a deficit of R10,106 million in 2012/13, R8,734 million in 2013/14 and R8,541 million in 2014/15.

2.6.4 Cash Backed Reserves/Accumulated Surplus Reconciliation

This following table meets the requirements of MFMA Circular 42 which deals with the funding of a municipal budget in accordance with sections 18 and 19 of the MFMA. The table seeks to answer three key questions regarding the use and availability of cash:

- What are the predicted cash and investments that are available at the end of the budget year?
- How are those funds used?
- What is the net funds available or funding shortfall?

A surplus would indicate the cash-backed accumulated surplus that was/is available. A shortfall (applications > cash and investments) is indicative of non-compliance with section 18 of the MFMA requirement that the municipality's budget must be 'funded'. Non-compliance with section 18 is assumed because a shortfall would indirectly indicate that the annual budget is not appropriately funded (budgeted spending is greater than funds available or to be collected). It

is also important to analyse trends to understand the consequences, e.g. the budget year might indicate a small surplus situation, which in itself is an appropriate outcome, but if in prior years there were much larger surpluses then this negative trend may be a concern that requires closer examination.

Table 34 MBRR Table A8 - Cash backed reserves/accumulated surplus reconciliation

| Description | Ref | 2008/9 | 2009/10 | 2010/11 | Current Year 2011/12 | | | | 2012/13 Medium Term Revenue & Expenditure Framework | | |
|---|-----|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|-------------------|---|------------------------|------------------------|
| | | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Pre-audit outcome | Budget Year 2012/13 | Budget Year +1 2013/14 | Budget Year +2 2014/15 |
| Cash and investments available | | | | | | | | | | | |
| Cash/cash equivalents at the year end | 1 | (1 216) | 4 870 | 3 487 | 16 390 | (15 133) | (15 133) | (15 133) | (25 239) | (33 973) | (42 514) |
| Other current investments > 90 days | | (0) | 0 | 0 | (7 423) | 0 | 0 | 0 | 0 | 0 | 0 |
| Non current assets - Investments | 1 | 1 968 | 1 401 | 1 425 | 1 401 | 1 425 | 1 425 | 1 425 | 1 485 | 1 574 | 1 668 |
| Cash and investments available: | | 752 | 6 270 | 4 912 | 10 367 | (13 708) | (13 708) | (13 708) | (23 754) | (32 399) | (40 846) |
| Application of cash and investments | | | | | | | | | | | |
| Unspent conditional transfers | | 609 | 3 185 | 4 267 | - | 4 267 | 4 267 | 4 267 | 4 267 | 4 267 | 4 267 |
| Unspent borrowing | | - | - | - | - | - | - | - | - | - | - |
| Statutory requirements | 2 | - | - | - | - | - | - | - | - | - | - |
| Other working capital requirements | 3 | (6 184) | 2 097 | 4 488 | (783) | 5 550 | 5 550 | 5 550 | 5 806 | 6 215 | 6 358 |
| Other provisions | | - | - | - | - | - | - | - | - | - | - |
| Long term investments committed | 4 | - | - | - | - | - | - | - | - | - | - |
| Reserves to be backed by cash/investments | 5 | 1 059 | 1 059 | 1 059 | 1 425 | 1 059 | 1 059 | 1 059 | 1 059 | 1 059 | 1 059 |
| Total Application of cash and investments: | | (4 515) | 6 341 | 9 814 | 642 | 10 876 | 10 876 | 10 876 | 11 132 | 11 541 | 11 684 |
| Surplus(shortfall) | | 5 267 | (71) | (4 902) | 9 725 | (24 584) | (24 584) | (24 584) | (34 886) | (43 940) | (52 530) |

From the above table it can be seen that the cash and investments shortfall total R34,886 million in the 2012/13 financial year and progressively increase to R52,530 million by 2014/15, including the projected cash and cash equivalents as determined in the cash flow forecast. The following is a breakdown of the application of this funding:

- During the 2011/12 financial year the municipality was required to supply National Treasury with a detailed analysis of the unspent grants as well as an action plan of spending the grants. For the 2013/14 financial year no provision has been made for this liability as the total unspent conditional grant liability of R4,267 million has been factored into the 2012/13 capital programme of the Municipality. The Municipality has received the necessary roll-over approval from the National Treasury as the funding appropriation relating to the unspent conditional grants could be motivated as part of existing projects.
- There is no unspent borrowing from the previous financial years. In terms of the municipality's Borrowing and Investments Policy, borrowings are only drawn down once the expenditure has been incurred against the particular project. Unspent borrowing is ring-fenced and reconciled on a monthly basis to ensure no unnecessary liabilities are incurred.
- The main purpose of other working capital is to ensure that sufficient funds are available to meet obligations as they fall due. A key challenge is often the mismatch between the timing of receipts of funds from debtors and payments due to employees and creditors. High levels of debtor non-payment and receipt delays will have a greater requirement for working capital, as was experienced by the Municipality in 2011/12 resulting in cash flow challenges.
- Most reserve fund cash-backing is discretionary in nature, but the reserve funds are not available to support a budget unless they are cash-backed. The reserve funds are not fully cash-backed. The level of cash-backing is directly informed by the municipality's cash backing policy.

The following graph supplies an analysis of the trends relating cash and cash equivalents and the cash backed reserves/accumulated funds reconciliation over a seven year perspective.

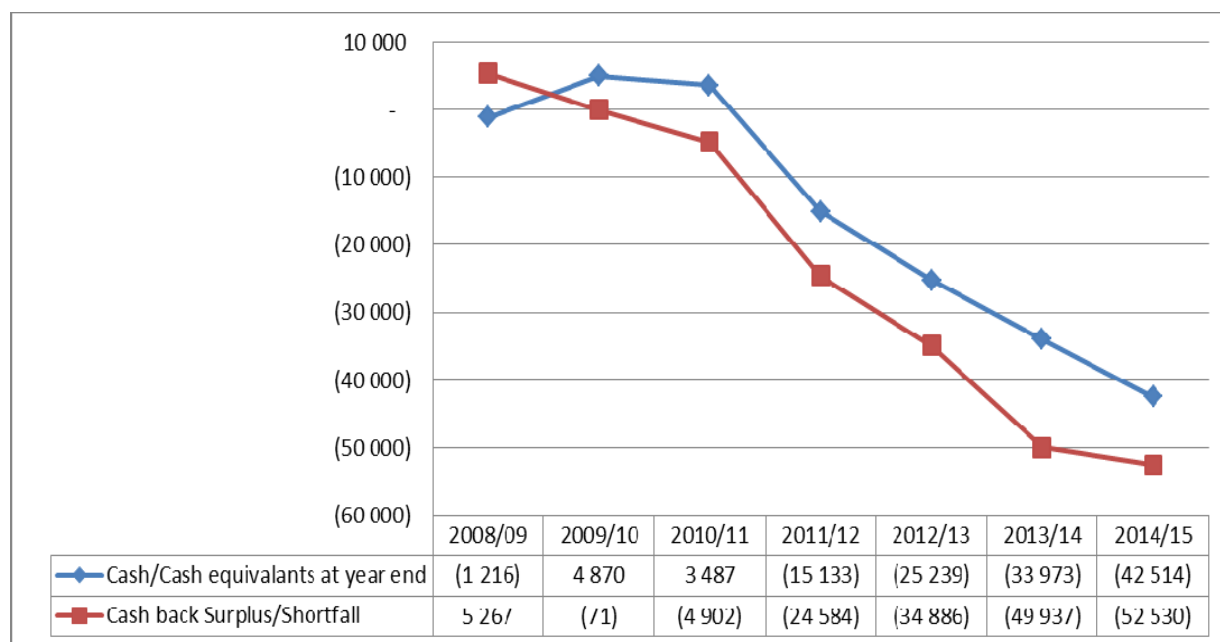


Figure 9: Cash and cash equivalents / Cash backed reserves and accumulated funds

2.6.5 Funding compliance measurement

National Treasury requires that the municipality assess its financial sustainability against fourteen different measures that look at various aspects of the financial health of the municipality. These measures are contained in the following table. All the information comes directly from the annual budgeted statements of financial performance, financial position and cash flows. The funding compliance measurement table essentially measures the degree to which the proposed budget complies with the funding requirements of the MFMA. Each of the measures is discussed below.

Table 35 MBRR SA10 – Funding compliance measurement

| Description | MFMA section | Ref | 2008/9 | 2009/10 | 2010/11 | Current Year 2011/12 | | | | 2012/13 Medium Term Revenue & Expenditure Framework | | |
|---|--------------|-----|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|-------------------|---|------------------------|------------------------|
| | | | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Pre-audit outcome | Budget Year 2012/13 | Budget Year +1 2013/14 | Budget Year +2 2014/15 |
| Funding measures | | | | | | | | | | | | |
| Cash/cash equivalents at the year end - R'000 | 18(1)b | 1 | (1 216) | 4 870 | 3 487 | 16 390 | (15 133) | (15 133) | (15 133) | (25 239) | (33 973) | (42 514) |
| Cash + investments at the yr end less applications - R'000 | 18(1)b | 2 | 5 267 | (71) | (4 902) | 9 725 | (24 584) | (24 584) | (24 584) | (34 886) | (43 940) | (52 530) |
| Cash year end/monthly employee/supplier payments | 18(1)b | 3 | (0.5) | 1.2 | 0.8 | 3.8 | (2.8) | (2.8) | (2.8) | (4.5) | (5.8) | (6.8) |
| Surplus/(Deficit) excluding depreciation offsets: R'000 | 18(1) | 4 | 19 287 | 2 281 | (5 054) | (7 180) | (15 433) | (15 433) | (15 433) | (3 591) | (938) | (843) |
| Service charge rev % change - macro CPIK target exclusive | 18(1)a,(2) | 5 | N.A. | 8.9% | 2.1% | (22.1%) | 16.2% | (6.0%) | (6.0%) | 39.9% | 0.0% | (0.0%) |
| Cash receipts % of Ratepayer & Other revenue | 18(1)a,(2) | 6 | 64.4% | 78.2% | 88.1% | 58.3% | 78.7% | 78.7% | 78.7% | 90.0% | 89.7% | 89.1% |
| Debt impairment expense as a % of total billable revenue | 18(1)a,(2) | 7 | (1.6%) | 68.3% | 16.3% | 55.7% | 46.0% | 46.0% | 46.0% | 11.3% | 11.3% | 11.3% |
| Capital payments % of capital expenditure | 18(1)c,19 | 8 | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% |
| Borrowing receipts % of capital expenditure (excl. transfers) | 18(1)c | 9 | 0.0% | 6.7% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| Grants % of Gov't legislated/gazetted allocations | 18(1)a | 10 | | | | | | | | 0.0% | 0.0% | 0.0% |
| Current consumer debtors % change - incr(decr) | 18(1)a | 11 | N.A. | (51.8%) | (60.3%) | 502.5% | (85.8%) | 0.0% | 0.0% | 1.2% | 7.2% | 23.2% |
| Long term receivables % change - incr(decr) | 18(1)a | 12 | N.A. | (98.0%) | (21.4%) | 5802.9% | (98.3%) | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| R&M % of Property Plant & Equipment | 20(1)(vi) | 13 | 1.1% | 1.3% | 1.8% | 0.0% | 4.6% | 4.6% | 4.1% | 3.9% | 3.9% | 3.9% |
| Asset renewal % of capital budget | 20(1)(vi) | 14 | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |

2.6.5.1 *Cash/cash equivalent position*

The Municipality's forecast cash position was discussed as part of the budgeted cash flow statement.

The forecasted cash and cash equivalents for the 2012/13 MTREF shows -R25,239 million, -R33,973 million and -R42,514 million for each respective financial year.

2.6.5.2 *Cash plus investments less application of funds*

The purpose of this measure is to understand how the municipality has applied the available cash and investments as identified in the budgeted cash flow statement. The detail reconciliation of the cash backed reserves/accumulated surplus reconciliation is contained in Table 25, on page 33.

2.6.5.3 *Monthly average payments covered by cash or cash equivalents*

Notably, the ratio decreased for the period 2008/09 to 2014/15, moving from (0.5) to (6.8) with the adopted 2012/13 MTREF. As part of the 2012/13 MTREF the municipality's depleting cash position causes the ratio to move downwards to (4.5) and further reduces to (6.8) for the outer years.

2.6.5.4 *Surplus/deficit excluding depreciation offsets*

For the 2012/13 MTREF the indicative outcome is a deficit of (R3,591) million, (R9,38) million and (R843) million.

2.6.5.5 *Property Rates/service charge revenue as a percentage increase less macro inflation target*

The factor is calculated by deducting the maximum macro-economic inflation target increase (which is currently 3 - 6 per cent). The result is intended to be an approximation of the real increase in revenue. From the table above it can be seen that the percentage growth totals 39.9 and 0 per cent for the two outer years.

2.6.5.6 *Cash receipts as a percentage of ratepayer and other revenue*

It can be seen that the outcome is at 90, 89.7 and 89.1 per cent for each of the respective financial years. Given that the assumed collection rate was based on a 85 per cent performance target, the cash flow statement has been conservatively determined. In addition the risks associated with objections to the valuation roll need to be clarified and hence the conservative approach, also taking into consideration the cash flow challenges experienced in the current financial year. This measure and performance objective will have to be meticulously managed.

2.6.5.7 *Debt impairment expense as a percentage of billable revenue*

This factor measures whether the provision for debt impairment is being adequately funded and is based on the underlying assumption that the provision for debt impairment (doubtful and bad debts) has to be increased to offset under-collection of billed revenues. The provision has been appropriated at 11.3 per cent over the MTREF.

2.6.5.8 *Capital payments percentage of capital expenditure*

The purpose of this measure is to determine whether the timing of payments has been taken into consideration when forecasting the cash position. It can be seen that a 2 per cent timing discount has been factored into the cash position forecasted over the entire financial year. The municipality aims to keep this as low as possible through strict compliance with the legislative requirement that debtors be paid within 30 days.

2.6.5.9 *Borrowing as a percentage of capital expenditure (excluding transfers, grants and contributions)* Council will not borrow for the MTREF.

2.6.5.10 *Transfers/grants revenue as a percentage of Government transfers/grants available*

The purpose of this measurement is mainly to ensure that all available transfers from national and provincial government have been budgeted for. A percentage less than 100 per cent could indicate that not all grants as contained in the Division of Revenue Act (DoRA) have been budgeted for. The Municipality budgeted for 0 transfers over the MTREF.

2.6.5.11 *Consumer debtors change (Current and Non-current)*

The purpose of these measures is to ascertain whether budgeted reductions in outstanding debtors are realistic. There are 2 measures shown for this factor; the change in current debtors and the change in long term receivables, both from the Budgeted Financial Position. The MTREF shows an increase of 1.2 per cent for 2012/13 compared to the full year forecast of 2011/12. This measure increases in the two outer years to 7.2 per cent and 23.2 per cent respectively.

2.6.5.12 *Repairs and maintenance expenditure level*

The municipality provide for 3.9 per cent over the MTREF towards Repairs and Maintenance of total PPE. Details of the Municipality's strategy pertaining to asset management and repairs and maintenance are contained in Table 60 MBRR SA34C on page 86.

2.6.5.13 *Asset renewal/rehabilitation expenditure level*

A requirement of the detailed capital budget (since MFMA Circular 28 which was issued in December 2005) is to categorise each capital project as a new asset or a renewal/rehabilitation project. The objective is to summarise and understand the proportion of budgets being provided for new assets and also asset sustainability. The municipality budget 0 per cent towards Asset Renewal.

2.7 Expenditure on grants and reconciliations of unspent funds

Table 36 MBRR SA19 - Expenditure on transfers and grant programmes

| Description | Ref | 2008/9 | 2009/10 | 2010/11 | Current Year 2011/12 | | | 2012/13 Medium Term Revenue & Expenditure Framework | | |
|--|-----|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|---|------------------------|------------------------|
| | | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Budget Year 2012/13 | Budget Year +1 2013/14 | Budget Year +2 2014/15 |
| R thousand | | | | | | | | | | |
| EXPENDITURE: | 1 | | | | | | | | | |
| Operating expenditure of Transfers and Grants | | | | | | | | | | |
| National Government: | | 9 947 | 12 718 | 15 847 | 17 909 | 17 898 | 17 898 | 20 035 | 21 842 | 23 447 |
| Local Government Equitable Share | | 8 589 | 11 196 | 13 986 | 15 669 | 15 618 | 15 618 | 17 705 | 19 160 | 20 713 |
| Finance Management Grant | | 500 | 621 | 1 186 | 1 450 | 1 450 | 1 450 | 1 500 | 1 750 | 1 750 |
| Municipal Systems Improvement Grant | | 809 | 850 | 394 | 790 | 790 | 790 | 800 | 900 | 950 |
| Skills Development Fund | | 49 | 51 | 38 | - | 40 | 40 | 30 | 32 | 34 |
| Municipal Infrastructure Grant (MIG) | | - | - | 243 | - | - | - | - | - | - |
| Other transfers/grants [insert description] | | | | | | | | | | |
| Provincial Government: | | 17 325 | 385 | 232 | - | 725 | 725 | 750 | 795 | 843 |
| Library | | 436 | 264 | 232 | - | 725 | 725 | 750 | 795 | 843 |
| Health | | 128 | 59 | - | - | - | - | - | - | - |
| Housing | | 16 761 | 62 | - | - | - | - | - | - | - |
| Other transfers/grants [insert description] | | | | | | | | | | |
| District Municipality: | | - | - | - | - | - | - | - | - | - |
| [insert description] | | | | | | | | | | |
| Other grant providers: | | 1 826 | 149 | 223 | - | - | - | - | - | - |
| Project Survey of Land | | 1 | - | - | - | - | - | - | - | - |
| Project Sanitation Mandela Square | | 29 | - | - | - | - | - | - | - | - |
| Renovations and Repair of Sport | | 450 | - | - | - | - | - | - | - | - |
| Project Ubuntu Waterservice Plan | | 793 | 111 | - | - | - | - | - | - | - |
| Drought Relief | | 500 | - | - | - | - | - | - | - | - |
| Sport Development | | 37 | - | - | - | - | - | - | - | - |
| Solid Waste Site | | 1 | - | - | - | - | - | - | - | - |
| Project Sanitation Pumpstation | | 15 | - | - | - | - | - | - | - | - |
| Water Project | | - | - | 223 | - | - | - | - | - | - |
| Project Water Loxton | | - | 38 | - | - | - | - | - | - | - |
| Total operating expenditure of Transfers and Grants | | 29 098 | 13 252 | 16 302 | 17 909 | 18 623 | 18 623 | 20 785 | 22 637 | 24 289 |
| Capital expenditure of Transfers and Grants | | | | | | | | | | |
| National Government: | | 5 921 | 13 065 | 2 124 | 9 488 | 9 488 | 9 488 | 11 510 | 12 141 | 12 843 |
| Municipal Infrastructure Grant (MIG) | | 3 303 | 11 110 | 1 299 | 9 488 | 9 488 | 9 488 | 11 510 | 12 141 | 12 843 |
| Department of water and forestry | | 360 | - | - | - | - | - | - | - | - |
| Finance Management Grant | | - | 129 | 14 | - | - | - | - | - | - |
| Municipal Systems Improvement Grant | | - | - | 42 | - | - | - | - | - | - |
| INEG | | 2 258 | 1 826 | 769 | - | - | - | - | - | - |
| Provincial Government: | | - | - | 1 307 | - | - | - | - | - | - |
| Library | | - | - | 135 | - | - | - | - | - | - |
| Roads (De Ville Street) | | - | - | 1 172 | - | - | - | - | - | - |
| District Municipality: | | - | - | - | - | - | - | - | - | - |
| [insert description] | | | | | | | | | | |
| Other grant providers: | | 673 | - | - | - | - | - | - | - | - |
| Project Water Loxton | | 514 | - | - | - | - | - | - | - | - |
| O & M Sewerage Pipe | | 159 | - | - | - | - | - | - | - | - |
| Total capital expenditure of Transfers and Grants | | 6 593 | 13 065 | 3 430 | 9 488 | 9 488 | 9 488 | 11 510 | 12 141 | 12 843 |
| TOTAL EXPENDITURE OF TRANSFERS AND GRANTS | | 35 691 | 26 317 | 19 732 | 27 397 | 28 111 | 28 111 | 32 295 | 34 778 | 37 132 |

Table 37 MBRR SA 20 - Reconciliation between of transfers, grant receipts and unspent funds

| Description | Ref | 2008/9 | 2009/10 | 2010/11 | Current Year 2011/12 | | | 2012/13 Medium Term Revenue & Expenditure Framework | | |
|---|-----|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|---|------------------------|------------------------|
| | | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Budget Year 2012/13 | Budget Year +1 2013/14 | Budget Year +2 2014/15 |
| R thousand | | | | | | | | | | |
| Operating transfers and grants: | 1,3 | | | | | | | | | |
| National Government: | | | | | | | | | | |
| Balance unspent at beginning of the year | | 74 | - | - | - | 314 | 314 | 314 | 314 | 314 |
| Current year receipts | | 9 873 | 12 718 | 16 161 | - | 17 898 | 17 898 | 20 035 | 21 842 | 23 447 |
| Conditions met - transferred to revenue | | 9 947 | 12 718 | 15 847 | - | 17 898 | 17 898 | 20 035 | 21 842 | 23 447 |
| Conditions still to be met - transferred to liabilities | | - | - | 314 | - | 314 | 314 | 314 | 314 | 314 |
| Provincial Government: | | | | | | | | | | |
| Balance unspent at beginning of the year | | (82) | - | 1 679 | - | (131) | (131) | (131) | (131) | (131) |
| Current year receipts | | 10 976 | 684 | 1 973 | - | 725 | 725 | 750 | 795 | 843 |
| Transfer to/from debtors | | 6 430 | 3 846 | (3 551) | | | | | | |
| Write Downs | | - | (2 466) | - | | | | | | |
| Conditions met - transferred to revenue | | 17 325 | 385 | 232 | - | 725 | 725 | 750 | 795 | 843 |
| Conditions still to be met - transferred to liabilities | | - | 1 679 | (131) | - | (131) | (131) | (131) | (131) | (131) |
| District Municipality: | | | | | | | | | | |
| Balance unspent at beginning of the year | | - | - | - | - | - | - | - | - | - |
| Current year receipts | | - | - | - | - | - | - | - | - | - |
| Conditions met - transferred to revenue | | - | - | - | - | - | - | - | - | - |
| Conditions still to be met - transferred to liabilities | | - | - | - | - | - | - | - | - | - |
| Other grant providers: | | | | | | | | | | |
| Balance unspent at beginning of the year | | 810 | 227 | 189 | - | 189 | 189 | 189 | 189 | 189 |
| Current year receipts | | 1 243 | 111 | 223 | - | - | - | - | - | - |
| Conditions met - transferred to revenue | | 1 826 | 149 | 223 | - | - | - | - | - | - |
| Conditions still to be met - transferred to liabilities | | 227 | 189 | 189 | - | 189 | 189 | 189 | 189 | 189 |
| Total operating transfers and grants revenue | | 29 098 | 13 252 | 16 302 | - | 18 623 | 18 623 | 20 785 | 22 637 | 24 289 |
| Total operating transfers and grants - CTBM | 2 | 227 | 1 868 | 372 | - | 372 | 372 | 372 | 372 | 372 |
| Capital transfers and grants: | 1,3 | | | | | | | | | |
| National Government: | | | | | | | | | | |
| Balance unspent at beginning of the year | | 2 377 | 382 | 1 317 | - | 3 895 | 3 895 | 3 895 | 3 895 | 3 895 |
| Current year receipts | | 3 926 | 14 858 | 4 701 | - | 9 488 | 9 488 | 11 510 | 12 141 | 12 843 |
| Transfer to/from debtors | | - | 858 | - | | | | | | |
| Conditions met - transferred to revenue | | 5 921 | 13 065 | 2 124 | - | 9 488 | 9 488 | 11 510 | 12 141 | 12 843 |
| Conditions still to be met - transferred to liabilities | | 382 | 1 317 | 3 895 | - | 3 895 | 3 895 | 3 895 | 3 895 | 3 895 |
| Provincial Government: | | | | | | | | | | |
| Balance unspent at beginning of the year | | - | - | - | - | - | - | - | - | - |
| Transfer to/from debtors | | - | - | 306 | | | | | | |
| Current year receipts | | - | - | 1 001 | - | - | - | - | - | - |
| Conditions met - transferred to revenue | | - | - | 1 307 | - | - | - | - | - | - |
| Conditions still to be met - transferred to liabilities | | - | - | - | - | - | - | - | - | - |
| District Municipality: | | | | | | | | | | |
| Balance unspent at beginning of the year | | - | - | - | - | - | - | - | - | - |
| Current year receipts | | - | - | - | - | - | - | - | - | - |
| Conditions met - transferred to revenue | | - | - | - | - | - | - | - | - | - |
| Conditions still to be met - transferred to liabilities | | - | - | - | - | - | - | - | - | - |
| Other grant providers: | | | | | | | | | | |
| Balance unspent at beginning of the year | | 514 | - | - | - | - | - | - | - | - |
| Current year receipts | | 159 | - | - | - | - | - | - | - | - |
| Conditions met - transferred to revenue | | 673 | - | - | - | - | - | - | - | - |
| Conditions still to be met - transferred to liabilities | | - | - | - | - | - | - | - | - | - |
| Total capital transfers and grants revenue | | 6 593 | 13 065 | 3 430 | - | 9 488 | 9 488 | 11 510 | 12 141 | 12 843 |
| Total capital transfers and grants - CTBM | 2 | 382 | 1 317 | 3 895 | - | 3 895 | 3 895 | 3 895 | 3 895 | 3 895 |
| TOTAL TRANSFERS AND GRANTS REVENUE | | 35 691 | 26 317 | 19 732 | - | 28 111 | 28 111 | 32 295 | 34 778 | 37 132 |
| TOTAL TRANSFERS AND GRANTS - CTBM | | 609 | 3 185 | 4 267 | - | 4 267 | 4 267 | 4 267 | 4 267 | 4 267 |

2.8 Councillor and employee benefits

Table 38 MBRR SA22 - Summary of councillor and staff benefits

| Summary of Employee and Councillor remuneration R thousand | Ref | 2008/9 | 2009/10 | 2010/11 | Current Year 2011/12 | | | 2012/13 Medium Term Revenue & Expenditure Framework | | |
|---|-----|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|---|------------------------|------------------------|
| | | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Budget Year 2012/13 | Budget Year +1 2013/14 | Budget Year +2 2014/15 |
| | 1 | A | B | C | D | E | F | G | H | I |
| Councillors (Political Office Bearers plus Other) | | | | | | | | | | |
| Basic Salaries and Wages | | 1 422 | 1 514 | 1 602 | 1 650 | 1 850 | 1 850 | 1 830 | 1 939 | 2 056 |
| Pension and UIF Contributions | | 169 | 179 | 150 | 200 | 200 | 200 | 201 | 213 | 226 |
| Medical Aid Contributions | | - | - | - | - | - | - | - | - | - |
| Motor Vehicle Allowance | | - | - | - | - | - | - | - | - | - |
| Cellphone Allowance | | - | - | - | - | - | - | - | - | - |
| Housing Allowances | | - | - | - | - | - | - | - | - | - |
| Other benefits and allowances | | - | - | - | - | - | - | - | - | - |
| Sub Total - Councillors | | 1 591 | 1 693 | 1 752 | 1 850 | 2 050 | 2 050 | 2 030 | 2 152 | 2 281 |
| % increase | 4 | | 6.4% | 3.5% | 5.6% | 10.8% | - | (0.9%) | 6.0% | 6.0% |
| Senior Managers of the Municipality | 2 | | | | | | | | | |
| Basic Salaries and Wages | | 1 326 | 1 529 | 1 652 | 1 670 | 1 670 | 1 670 | 1 690 | 1 791 | 1 899 |
| Pension and UIF Contributions | | 206 | 169 | 206 | 280 | 280 | 280 | 562 | 595 | 631 |
| Medical Aid Contributions | | 35 | 74 | 37 | 113 | 113 | 113 | 139 | 148 | 157 |
| Overtime | | - | - | - | - | - | - | - | - | - |
| Performance Bonus | | 212 | - | 249 | - | - | - | - | - | - |
| Motor Vehicle Allowance | 3 | 384 | 440 | 377 | 397 | 397 | 397 | 493 | 523 | 554 |
| Cellphone Allowance | 3 | 17 | 17 | 17 | 21 | 21 | 21 | 21 | 22 | 23 |
| Housing Allowances | 3 | 12 | 12 | 12 | - | - | - | - | - | - |
| Other benefits and allowances | 3 | - | - | - | - | - | - | - | - | - |
| Payments in lieu of leave | | - | - | - | - | - | - | 105 | 111 | 118 |
| Long service awards | | - | - | - | - | - | - | - | - | - |
| Post-retirement benefit obligations | 6 | - | - | - | - | - | - | - | - | - |
| Sub Total - Senior Managers of Municipality | | 2 192 | 2 241 | 2 550 | 2 481 | 2 481 | 2 481 | 3 010 | 3 190 | 3 382 |
| % increase | 4 | | 2.2% | 13.8% | (2.7%) | - | - | 21.3% | 6.0% | 6.0% |
| Other Municipal Staff | | | | | | | | | | |
| Basic Salaries and Wages | | 6 674 | 7 855 | 10 237 | 14 788 | 15 898 | 15 898 | 16 410 | 17 395 | 18 439 |
| Pension and UIF Contributions | | 1 028 | 1 368 | 1 556 | 2 544 | 2 349 | 2 349 | 4 058 | 4 302 | 4 560 |
| Medical Aid Contributions | | 198 | 160 | 208 | 99 | 268 | 268 | 256 | 271 | 287 |
| Overtime | | 532 | 625 | 1 103 | 949 | 1 104 | 1 104 | 1 369 | 1 451 | 1 538 |
| Performance Bonus | | 209 | 506 | 396 | 1 026 | 1 054 | 1 054 | 1 178 | 1 249 | 1 324 |
| Motor Vehicle Allowance | 3 | 269 | 219 | 227 | 320 | 375 | 375 | 285 | 302 | 320 |
| Cellphone Allowance | 3 | 11 | 10 | 7 | 17 | 22 | 22 | 517 | 548 | 581 |
| Housing Allowances | 3 | 35 | 36 | 34 | 73 | 77 | 77 | 98 | 104 | 110 |
| Other benefits and allowances | 3 | 59 | 61 | 213 | 161 | 200 | 200 | 169 | 179 | 189 |
| Payments in lieu of leave | | 289 | 44 | 604 | 222 | 229 | 229 | 856 | 908 | 962 |
| Long service awards | | 11 | 8 | 4 | - | - | - | - | - | - |
| Post-retirement benefit obligations | 6 | 308 | 79 | 90 | 600 | 397 | 397 | 400 | 424 | 449 |
| Sub Total - Other Municipal Staff | | 9 624 | 10 970 | 14 680 | 20 797 | 21 974 | 21 974 | 25 596 | 27 131 | 28 759 |
| % increase | 4 | | 14.0% | 33.8% | 41.7% | 5.7% | - | 16.5% | 6.0% | 6.0% |
| Total Parent Municipality | | 13 407 | 14 904 | 18 983 | 25 129 | 26 505 | 26 505 | 30 636 | 32 474 | 34 423 |

Table 39 MBRR SA23 - Salaries, allowances and benefits (political office bearers/councillors/ senior managers)

| Disclosure of Salaries, Allowances & Benefits 1. | Ref | No. | Salary | Contributions | Allowances | Performance Bonuses | In-kind benefits | Total Package |
|--|------------|------------|---------------|----------------------|-------------------|----------------------------|-------------------------|----------------------|
| Rand per annum | | | | 1. | | | | 2. |
| Councillors | 3 | | | | | | | |
| Speaker | 4 | | | | | | | - |
| Chief Whip | | | | | | | | - |
| Executive Mayor | | | 400 276 | 154 696 | 92 397 | | | 647 369 |
| Deputy Executive Mayor | | | | | | | | - |
| Executive Committee | | | | | | | | - |
| Total for all other councillors | | | 840 577 | 129 689 | 412 828 | | | 1 383 094 |
| Total Councillors | 8 | - | 1 240 853 | 284 385 | 505 225 | | | 2 030 463 |
| Senior Managers of the Municipality | 5 | | | | | | | |
| Municipal Manager (MM) | | | 601 332 | 233 966 | 149 744 | | | 985 042 |
| Chief Finance Officer | | | 399 967 | 188 819 | 156 000 | | | 744 786 |
| Technical Manager | | | 303 226 | 170 570 | 132 000 | | | 605 796 |
| Head of Corporate Services | | | 385 555 | 107 984 | 72 000 | | | 565 540 |
| | | | | | | | | - |
| | | | | | | | | - |
| <i>List of each official with packages >= senior manager</i> | | | | | | | | |
| Deputy Technical Manager | | | 478 002 | 3 099 | 101 127 | | | 582 227 |
| LED Manager | | | 215 807 | 140 180 | 99 894 | | | 455 880 |
| | | | | | | | | - |
| | | | | | | | | - |
| | | | | | | | | - |
| | | | | | | | | - |
| | | | | | | | | - |
| | | | | | | | | - |
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| | | | | | | | | - |
| | | | | | | | | - |
| | | | | | | | | - |
| | | | | | | | | - |
| | | | | | | | | - |
| | | | | | | | | - |
| Total Senior Managers of the Municipality | 8 | - | 2 383 889 | 844 619 | 710 764 | - | | 3 939 272 |
| A Heading for Each Entity | 6,7 | | | | | | | |
| List each member of board by designation | | | | | | | | |
| | | | | | | | | - |
| | | | | | | | | - |
| | | | | | | | | - |
| | | | | | | | | - |
| | | | | | | | | - |
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| | | | | | | | | - |
| | | | | | | | | - |
| | | | | | | | | - |
| | | | | | | | | - |
| | | | | | | | | - |
| | | | | | | | | - |
| Total for municipal entities | 8 | - | - | - | - | - | | - |
| TOTAL COST OF COUNCILLOR, DIRECTOR and EXECUTIVE REMUNERATION | | - | 3 624 742 | 1 129 004 | 1 215 990 | - | | 5 969 735 |

Table 40 MBRR SA24 – Summary of personnel numbers

| Summary of Personnel Numbers | Ref | 2010/11 | | | Current Year 2011/12 | | | Budget Year 2012/13 | | |
|---|-----|-----------|---------------------|--------------------|----------------------|---------------------|--------------------|---------------------|---------------------|--------------------|
| | | Positions | Permanent employees | Contract employees | Positions | Permanent employees | Contract employees | Positions | Permanent employees | Contract employees |
| Municipal Council and Boards of Municipal Entities | | | | | | | | | | |
| Councillors (Political Office Bearers plus Other Councillors) | | 8 | 1 | 7 | 8 | 1 | 7 | 8 | 1 | 7 |
| Board Members of municipal entities | 4 | | | | | | | | | |
| Municipal employees | 5 | | | | | | | | | |
| Municipal Manager and Senior Managers | 3 | 4 | – | 4 | 4 | – | 4 | 4 | – | 4 |
| Other Managers | 7 | 2 | – | 2 | 3 | – | 3 | 3 | – | 3 |
| Professionals | | – | – | – | – | – | – | – | – | – |
| <i>Finance</i> | | | | | | | | | | |
| <i>Spatial/town planning</i> | | | | | | | | | | |
| <i>Information Technology</i> | | | | | | | | | | |
| <i>Roads</i> | | | | | | | | | | |
| <i>Electricity</i> | | | | | | | | | | |
| <i>Water</i> | | | | | | | | | | |
| <i>Sanitation</i> | | | | | | | | | | |
| <i>Refuse</i> | | | | | | | | | | |
| <i>Other</i> | | | | | | | | | | |
| Technicians | | 161 | 145 | 6 | 161 | 109 | 6 | 161 | 155 | 6 |
| <i>Finance</i> | | 17 | 11 | 6 | 17 | 11 | 6 | 17 | 11 | 6 |
| <i>Spatial/town planning</i> | | 39 | 29 | – | 39 | 26 | – | 39 | 39 | – |
| <i>Information Technology</i> | | – | – | – | – | – | – | – | – | – |
| <i>Roads</i> | | 15 | 15 | – | 15 | 9 | – | 15 | 15 | – |
| <i>Electricity</i> | | 9 | 9 | – | 9 | 7 | – | 9 | 9 | – |
| <i>Water</i> | | 7 | 7 | – | 7 | 7 | – | 7 | 7 | – |
| <i>Sanitation</i> | | 21 | 21 | – | 21 | 12 | – | 21 | 21 | – |
| <i>Refuse</i> | | 35 | 35 | – | 35 | 19 | – | 35 | 35 | – |
| <i>Other</i> | | 18 | 18 | – | 18 | 18 | – | 18 | 18 | – |
| Clerks (Clerical and administrative) | | | | | | | | | | |
| Service and sales workers | | | | | | | | | | |
| Skilled agricultural and fishery workers | | | | | | | | | | |
| Craft and related trades | | | | | | | | | | |
| Plant and Machine Operators | | | | | | | | | | |
| Elementary Occupations | | | | | | | | | | |
| TOTAL PERSONNEL NUMBERS | | 175 | 146 | 19 | 176 | 110 | 20 | 176 | 156 | 20 |
| % Increase | | | | | 0.6% | (24.7%) | 5.3% | – | 41.8% | – |
| Total municipal employees headcount | 6 | | | | | | | | | |
| Finance personnel headcount | 8 | | | | | | | | | |
| Human Resources personnel headcount | 8 | | | | | | | | | |

2.9 Monthly targets for revenue, expenditure and cash flow

Table 51 MBRR SA25 - Budgeted monthly revenue and expenditure

| Description | Ref | Budget Year 2012/13 | | | | | | | | | | | | Medium Term Revenue and Expenditure Framework | | |
|---|-----|---------------------|---------|-------|---------|----------|----------|---------|----------|-------|---------|---------|---------|---|------------------------|------------------------|
| | | July | August | Sept. | October | November | December | January | February | March | April | May | June | Budget Year 2012/13 | Budget Year +1 2013/14 | Budget Year +2 2014/15 |
| R thousand | | | | | | | | | | | | | | | | |
| Revenue By Source | | | | | | | | | | | | | | | | |
| Property rates | | 4 558 | – | 142 | 142 | (125) | – | (2) | (44) | (3) | (6) | 768 | 768 | 6 196 | 6 568 | 6 962 |
| Property rates - penalties & collection charges | | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – |
| Service charges - electricity revenue | | 984 | 106 | 1 589 | 1 589 | 945 | 19 | 2 233 | 1 027 | 1 014 | 1 188 | (258) | (258) | 10 178 | 10 788 | 11 436 |
| Service charges - water revenue | | 336 | 3 | 520 | 520 | 427 | 3 | 1 565 | 444 | 486 | 410 | (642) | (642) | 3 431 | 3 637 | 3 856 |
| Service charges - sanitation revenue | | 613 | 0 | 924 | 924 | 609 | 0 | 1 215 | 600 | 657 | 609 | (818) | (818) | 4 517 | 4 788 | 5 075 |
| Service charges - refuse revenue | | 291 | – | 445 | 445 | 296 | – | 561 | 223 | 624 | 284 | 50 | 50 | 3 268 | 3 464 | 3 672 |
| Service charges - other | | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – |
| Rental of facilities and equipment | | 73 | 18 | 110 | 110 | (149) | 16 | 81 | 94 | 73 | 96 | 50 | 50 | 621 | 658 | 698 |
| Interest earned - external investments | | 132 | 38 | 26 | 26 | 17 | 0 | 32 | 21 | 14 | 35 | 19 | 19 | 380 | 403 | 427 |
| Interest earned - outstanding debtors | | 123 | – | 197 | 197 | 134 | – | 272 | 153 | 134 | 140 | 225 | 225 | 1 800 | 1 908 | 2 022 |
| Dividends received | | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – |
| Fines | | 547 | 495 | 958 | 958 | 588 | 528 | 276 | 860 | 1 495 | 581 | 5 902 | 5 902 | 19 090 | 20 235 | 21 449 |
| Licences and permits | | 40 | 32 | 31 | 31 | 63 | 24 | 50 | 52 | 33 | 49 | 7 | 7 | 419 | 444 | 471 |
| Agency services | | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 0 | 2 | 2 | 2 | 12 | 13 | 13 |
| Transfers recognised - operational | | 7 205 | – | 7 | 7 | – | 5 285 | – | – | 4 388 | – | 1 946 | 1 946 | 20 785 | 22 637 | 24 289 |
| Other revenue | | 11 | 12 | 20 | 20 | 12 | 6 | 11 | 2 | 16 | 27 | 69 | 69 | 275 | 291 | 309 |
| Gains on disposal of PPE | | 17 | 17 | 17 | 17 | 17 | 17 | 31 | 17 | 21 | 17 | 20 | 20 | 225 | 239 | 253 |
| Total Revenue (excluding capital transfers and contributions) | | 14 929 | 721 | 4 985 | 4 985 | 2 835 | 5 899 | 6 325 | 3 450 | 8 955 | 3 430 | 7 341 | 7 341 | 71 197 | 76 073 | 80 932 |
| Expenditure By Type | | | | | | | | | | | | | | | | |
| Employee related costs | | 1 788 | 1 740 | 1 927 | 1 927 | 1 794 | 2 402 | 2 016 | 1 971 | 1 824 | 1 993 | 4 612 | 4 612 | 28 606 | 30 322 | 32 141 |
| Remuneration of councillors | | 144 | 144 | 144 | 144 | 144 | 144 | 144 | 203 | 152 | 152 | 257 | 257 | 2 030 | 2 152 | 2 281 |
| Debt impairment | | – | – | – | – | – | – | – | – | – | – | 1 587 | 1 587 | 3 174 | 3 364 | 3 566 |
| Depreciation & asset impairment | | 352 | 352 | 352 | 352 | 352 | 352 | 352 | 352 | 352 | 352 | 1 103 | 1 103 | 5 724 | 6 067 | 6 431 |
| Finance charges | | 19 | 69 | 45 | 45 | 47 | 41 | 30 | 65 | 62 | 65 | 81 | 81 | 650 | 689 | 731 |
| Bulk purchases | | 704 | 990 | 1 167 | 1 167 | 534 | 505 | 610 | 117 | 1 017 | 638 | 934 | 934 | 9 317 | 9 877 | 10 469 |
| Other materials | | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – |
| Contracted services | | – | – | – | – | – | – | – | – | – | – | 5 355 | 5 355 | 10 710 | 11 353 | 12 034 |
| Transfers and grants | | 19 | 94 | 228 | 228 | 1 455 | 52 | 2 058 | 500 | 550 | 509 | (354) | (354) | 4 986 | 5 285 | 5 602 |
| Other expenditure | | 1 089 | 901 | 1 231 | 1 231 | 1 506 | 1 887 | 609 | 493 | 875 | 914 | 5 179 | 5 179 | 21 093 | 20 036 | 21 354 |
| Loss on disposal of PPE | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 2 | 2 | 7 | 7 | 8 |
| Total Expenditure | | 4 115 | 4 290 | 5 094 | 5 094 | 5 833 | 5 384 | 5 820 | 3 700 | 4 833 | 4 622 | 18 757 | 18 757 | 86 298 | 89 153 | 94 618 |
| Surplus/(Deficit) | | | | | | | | | | | | | | | | |
| Transfers recognised - capital | | – | – | – | – | – | – | – | – | – | – | 5 755 | 5 755 | 11 510 | 12 141 | 12 843 |
| Contributions recognised - capital | | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – |
| Contributed assets | | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – |
| Surplus/(Deficit) after capital transfers & contributions | | | | | | | | | | | | | | | | |
| Taxation | | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – |
| Attributable to minorities | | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – |
| Share of surplus/ (deficit) of associate | | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – |
| Surplus/(Deficit) | 1 | 10 814 | (3 569) | (109) | (109) | (2 998) | 516 | 505 | (250) | 4 122 | (1 192) | (5 661) | (5 661) | (3 591) | (938) | (843) |

Table 41 MBRR SA26 - Budgeted monthly revenue and expenditure (municipal vote)

| Description | Ref | Budget Year 2012/13 | | | | | | | | | | | | Medium Term Revenue and Expenditure Framework | | |
|--|-----|---------------------|---------|-------|---------|----------|----------|---------|----------|-------|---------|---------|---------|---|------------------------|------------------------|
| | | July | August | Sept. | October | November | December | January | February | March | April | May | June | Budget Year 2012/13 | Budget Year +1 2013/14 | Budget Year +2 2014/15 |
| Revenue by Vote | | | | | | | | | | | | | | | | |
| Vote 1 - Budget & Treasury | | 12 012 | 48 | 374 | 374 | 38 | 5 296 | 314 | 135 | 4 500 | 189 | 2 135 | 2 135 | 27 552 | 29 601 | 31 523 |
| Vote 2 - Community & Social Services | | 620 | 548 | 1 014 | 1 014 | 674 | 570 | 344 | 933 | 1 587 | 657 | 6 352 | 6 352 | 20 664 | 21 904 | 23 218 |
| Vote 3 - Electricity | | 981 | 105 | 1 590 | 1 590 | 945 | 19 | 2 234 | 1 025 | 1 017 | 1 190 | (245) | (245) | 10 206 | 10 818 | 11 467 |
| Vote 4 - Executive & Council | | 67 | 11 | 103 | 103 | (159) | 10 | 70 | 85 | 74 | 73 | 492 | 492 | 1 423 | 1 718 | 1 969 |
| Vote 5 - Health | | - | - | - | - | - | - | - | - | - | 1 | 5 | 5 | 10 | 11 | 11 |
| Vote 6 - Planning & Development | | 8 | 4 | 10 | 10 | 4 | 2 | 20 | 2 | 9 | 16 | 5 757 | 5 757 | 11 597 | 12 233 | 12 941 |
| Vote 7 - Public Safety | | - | - | - | - | - | - | - | - | - | - | 1 | 1 | 2 | 2 | 2 |
| Vote 8 - Sport & Recreation | | 0 | - | 1 | 1 | 1 | 0 | 0 | - | 0 | - | 2 | 2 | 6 | 6 | 7 |
| Vote 9 - Waste Management | | 905 | 0 | 1 369 | 1 369 | 906 | 0 | 1 777 | 823 | 1 282 | 893 | (768) | (768) | 7 788 | 8 255 | 8 750 |
| Vote 10 - Water | | 336 | 3 | 524 | 524 | 426 | 3 | 1 567 | 446 | 487 | 412 | (635) | (635) | 3 458 | 3 666 | 3 886 |
| Vote 11 - [NAME OF VOTE 11] | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Vote 12 - [NAME OF VOTE 12] | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Vote 13 - [NAME OF VOTE 13] | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Vote 14 - [NAME OF VOTE 14] | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Vote 15 - [NAME OF VOTE 15] | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Total Revenue by Vote | | 14 929 | 721 | 4 985 | 4 985 | 2 835 | 5 899 | 6 325 | 3 450 | 8 955 | 3 430 | 13 096 | 13 096 | 82 707 | 88 214 | 93 775 |
| Expenditure by Vote to be appropriated | | | | | | | | | | | | | | | | |
| Vote 1 - Budget & Treasury | | 1 063 | 489 | 1 027 | 1 027 | 1 408 | 2 099 | 649 | 561 | 533 | 724 | 3 386 | 3 386 | 16 354 | 17 133 | 18 277 |
| Vote 2 - Community & Social Services | | 691 | 717 | 742 | 742 | 717 | 868 | 786 | 805 | 904 | 854 | 7 431 | 7 431 | 22 687 | 24 048 | 25 491 |
| Vote 3 - Electricity | | 875 | 1 222 | 1 453 | 1 453 | 820 | 740 | 768 | 301 | 1 334 | 874 | 2 130 | 2 130 | 14 099 | 14 945 | 15 842 |
| Vote 4 - Executive & Council | | 269 | 481 | 266 | 266 | 273 | 220 | 228 | 327 | 311 | 283 | 2 177 | 2 177 | 7 278 | 5 594 | 5 930 |
| Vote 5 - Health | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Vote 6 - Planning & Development | | 734 | 775 | 866 | 866 | 765 | 868 | 739 | 761 | 721 | 715 | 2 581 | 2 581 | 12 971 | 13 749 | 14 574 |
| Vote 7 - Public Safety | | 2 | 13 | 14 | 14 | 7 | 18 | 13 | 3 | 3 | 2 | 123 | 123 | 336 | 356 | 377 |
| Vote 8 - Sport & Recreation | | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 62 | 62 | 148 | 157 | 167 |
| Vote 9 - Waste Management | | 298 | 346 | 381 | 381 | 1 047 | 339 | 1 354 | 540 | 554 | 660 | 1 070 | 1 070 | 8 042 | 8 525 | 9 036 |
| Vote 10 - Water | | 180 | 243 | 343 | 343 | 795 | 230 | 1 279 | 400 | 471 | 507 | (205) | (205) | 4 383 | 4 646 | 4 924 |
| Vote 11 - [NAME OF VOTE 11] | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Vote 12 - [NAME OF VOTE 12] | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Vote 13 - [NAME OF VOTE 13] | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Vote 14 - [NAME OF VOTE 14] | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Vote 15 - [NAME OF VOTE 15] | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Total Expenditure by Vote | | 4 115 | 4 290 | 5 094 | 5 094 | 5 833 | 5 384 | 5 820 | 3 700 | 4 833 | 4 622 | 18 757 | 18 757 | 86 298 | 89 153 | 94 618 |
| Surplus/(Deficit) before assoc. | | 10 814 | (3 569) | (109) | (109) | (2 998) | 516 | 505 | (250) | 4 122 | (1 192) | (5 661) | (5 661) | (3 591) | (938) | (843) |
| Taxation | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Attributable to minorities | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Share of surplus/ (deficit) of associate | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Surplus/(Deficit) | 1 | 10 814 | (3 569) | (109) | (109) | (2 998) | 516 | 505 | (250) | 4 122 | (1 192) | (5 661) | (5 661) | (3 591) | (938) | (843) |

Table 42 MBRR SA27 - Budgeted monthly revenue and expenditure (standard classification)

| Description | Ref | Budget Year 2012/13 | | | | | | | | | | | | Medium Term Revenue and Expenditure Framework | | |
|--|-----|---------------------|---------|-------|---------|----------|----------|---------|----------|-------|---------|---------|---------|---|------------------------|------------------------|
| | | July | August | Sept. | October | November | December | January | February | March | April | May | June | Budget Year 2012/13 | Budget Year +1 2013/14 | Budget Year +2 2014/15 |
| Revenue - Standard | | | | | | | | | | | | | | | | |
| <i>Governance and administration</i> | | 12 095 | 62 | 485 | 485 | (120) | 5 307 | 385 | 221 | 4 615 | 262 | 2 610 | 2 610 | 29 016 | 31 362 | 33 538 |
| Executive & council | | 0 | — | 1 | 1 | 0 | — | 1 | 0 | 0 | 0 | 514 | 514 | 1 033 | 1 305 | 1 531 |
| Budget & treasury | | 12 012 | 48 | 374 | 374 | 38 | 5 296 | 314 | 135 | 4 500 | 189 | 2 135 | 2 135 | 27 552 | 29 601 | 31 523 |
| Corporate services | | 82 | 14 | 110 | 110 | (159) | 11 | 70 | 85 | 114 | 73 | (39) | (39) | 431 | 456 | 484 |
| <i>Community and public safety</i> | | 1 | 2 | 2 | 2 | 2 | 1 | 2 | 1 | 1 | 2 | 385 | 385 | 786 | 833 | 883 |
| Community & social services | | 1 | 2 | 1 | 1 | 1 | 1 | 2 | 1 | 1 | 1 | 378 | 378 | 768 | 814 | 862 |
| Sport & recreation | | 0 | — | 1 | 1 | 1 | 0 | 0 | — | 0 | — | 2 | 2 | 6 | 6 | 7 |
| Public safety | | — | — | — | — | — | — | — | — | — | — | 1 | 1 | 2 | 2 | 2 |
| Housing | | — | — | — | — | — | — | — | — | — | — | — | — | — | — | — |
| Health | | — | — | — | — | — | — | — | — | — | 1 | 5 | 5 | 10 | 11 | 11 |
| <i>Economic and environmental services</i> | | 595 | 532 | 999 | 999 | 660 | 553 | 345 | 917 | 1 537 | 654 | 11 666 | 11 666 | 31 123 | 32 931 | 34 880 |
| Planning & development | | 8 | 4 | 10 | 10 | 4 | 2 | 20 | 2 | 9 | 16 | 5 757 | 5 754 | 11 595 | 12 231 | 12 938 |
| Road transport | | 587 | 528 | 989 | 989 | 656 | 552 | 325 | 915 | 1 528 | 638 | 5 910 | 5 912 | 19 529 | 20 700 | 21 942 |
| Environmental protection | | — | — | — | — | — | — | — | — | — | — | — | — | — | — | — |
| <i>Trading services</i> | | 2 221 | 109 | 3 483 | 3 483 | 2 277 | 22 | 5 577 | 2 295 | 2 785 | 2 495 | (1 648) | (1 648) | 21 452 | 22 739 | 24 104 |
| Electricity | | 981 | 105 | 1 590 | 1 590 | 945 | 19 | 2 234 | 1 025 | 1 017 | 1 190 | (245) | (245) | 10 206 | 10 818 | 11 467 |
| Water | | 336 | 3 | 524 | 524 | 426 | 3 | 1 567 | 446 | 487 | 412 | (635) | (635) | 3 458 | 3 666 | 3 886 |
| Waste water management | | 614 | 0 | 924 | 924 | 609 | 0 | 1 216 | 601 | 658 | 609 | (817) | (817) | 4 519 | 4 790 | 5 078 |
| Waste management | | 291 | — | 445 | 445 | 296 | — | 561 | 223 | 624 | 284 | 50 | 50 | 3 268 | 3 464 | 3 672 |
| <i>Other</i> | | 17 | 17 | 17 | 17 | 17 | 17 | 17 | 17 | 17 | 17 | 82 | 82 | 330 | 350 | 371 |
| Total Revenue - Standard | | 14 929 | 721 | 4 985 | 4 985 | 2 835 | 5 899 | 6 325 | 3 450 | 8 955 | 3 430 | 13 096 | 13 096 | 82 707 | 88 214 | 93 775 |
| Expenditure - Standard | | | | | | | | | | | | | | | | |
| <i>Governance and administration</i> | | 1 647 | 1 274 | 1 570 | 1 570 | 1 958 | 2 645 | 1 164 | 1 282 | 1 140 | 1 317 | 6 796 | 6 796 | 29 160 | 28 586 | 30 418 |
| Executive & council | | 253 | 469 | 230 | 230 | 207 | 200 | 198 | 297 | 297 | 247 | 1 837 | 1 837 | 6 304 | 4 562 | 4 836 |
| Budget & treasury | | 1 063 | 489 | 1 027 | 1 027 | 1 408 | 2 099 | 649 | 561 | 533 | 724 | 3 386 | 3 386 | 16 354 | 17 133 | 18 277 |
| Corporate services | | 331 | 315 | 312 | 312 | 344 | 347 | 316 | 423 | 310 | 346 | 1 573 | 1 573 | 6 501 | 6 892 | 7 305 |
| <i>Community and public safety</i> | | 107 | 153 | 135 | 135 | 105 | 243 | 125 | 130 | 231 | 214 | 566 | 566 | 2 709 | 2 871 | 3 044 |
| Community & social services | | 103 | 138 | 118 | 118 | 96 | 222 | 109 | 124 | 225 | 209 | 380 | 380 | 2 225 | 2 358 | 2 500 |
| Sport & recreation | | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 62 | 62 | 148 | 157 | 167 |
| Public safety | | 2 | 13 | 14 | 14 | 7 | 18 | 13 | 3 | 3 | 2 | 123 | 123 | 336 | 356 | 377 |
| Housing | | — | — | — | — | — | — | — | — | — | — | — | — | — | — | — |
| Health | | — | — | — | — | — | — | — | — | — | — | — | — | — | — | — |
| <i>Economic and environmental services</i> | | 1 006 | 1 050 | 1 213 | 1 213 | 1 108 | 1 186 | 1 129 | 1 048 | 1 104 | 1 049 | 8 372 | 8 372 | 27 850 | 29 521 | 31 292 |
| Planning & development | | 734 | 775 | 866 | 866 | 765 | 868 | 739 | 761 | 721 | 715 | 2 581 | (2 001) | 8 389 | 8 892 | 9 425 |
| Road transport | | 272 | 275 | 347 | 347 | 343 | 319 | 390 | 287 | 382 | 335 | 5 791 | 10 374 | 19 462 | 20 629 | 21 867 |
| Environmental protection | | — | — | — | — | — | — | — | — | — | — | — | — | — | — | — |
| <i>Trading services</i> | | 1 353 | 1 812 | 2 177 | 2 177 | 2 662 | 1 309 | 3 402 | 1 241 | 2 359 | 2 042 | 2 995 | 2 995 | 26 524 | 28 115 | 29 802 |
| Electricity | | 875 | 1 222 | 1 453 | 1 453 | 820 | 740 | 768 | 301 | 1 334 | 874 | 2 130 | 2 130 | 14 099 | 14 945 | 15 842 |
| Water | | 180 | 243 | 343 | 343 | 795 | 230 | 1 279 | 400 | 471 | 507 | (205) | (205) | 4 383 | 4 646 | 4 924 |
| Waste water management | | 187 | 223 | 233 | 233 | 600 | 210 | 772 | 305 | 306 | 356 | 448 | 448 | 4 321 | 4 580 | 4 855 |
| Waste management | | 111 | 123 | 148 | 148 | 447 | 129 | 582 | 234 | 248 | 304 | 623 | 623 | 3 721 | 3 944 | 4 181 |
| <i>Other</i> | | 2 | — | — | — | — | — | — | — | — | — | 27 | 27 | 55 | 59 | 62 |
| Total Expenditure - Standard | | 4 115 | 4 290 | 5 094 | 5 094 | 5 833 | 5 384 | 5 820 | 3 700 | 4 833 | 4 622 | 18 757 | 18 757 | 86 298 | 89 153 | 94 618 |
| Surplus/(Deficit) before assoc. | | 10 814 | (3 569) | (109) | (109) | (2 998) | 516 | 505 | (250) | 4 122 | (1 192) | (5 661) | (5 661) | (3 591) | (938) | (843) |
| Share of surplus/ (deficit) of associate | | | | | | | | | | | | | | — | — | — |
| Surplus/(Deficit) | 1 | 10 814 | (3 569) | (109) | (109) | (2 998) | 516 | 505 | (250) | 4 122 | (1 192) | (5 661) | (5 661) | (3 591) | (938) | (843) |

Table 43 MBRR SA28 - Budgeted monthly capital expenditure (municipal vote)

| Description | Ref | Budget Year 2012/13 | | | | | | | | | | | | Medium Term Revenue and Expenditure Framework | | |
|---|-----|---------------------|--------|-------|---------|------|-------|---------|-------|-------|-------|-------|-------|---|------------------------|------------------------|
| R thousand | | July | August | Sept. | October | Nov. | Dec. | January | Feb. | March | April | May | June | Budget Year 2012/13 | Budget Year +1 2013/14 | Budget Year +2 2014/15 |
| Multi-year expenditure to be appropriated | 1 | | | | | | | | | | | | | | | |
| Vote 1 - Budget & Treasury | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Vote 2 - Community & Social Services | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Vote 3 - Electricity | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Vote 4 - Executive & Council | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Vote 5 - Health | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Vote 6 - Planning & Development | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Vote 7 - Public Safety | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Vote 8 - Sport & Recreation | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Vote 9 - Waste Management | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Vote 10 - Water | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Vote 11 - [NAME OF VOTE 11] | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Vote 12 - [NAME OF VOTE 12] | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Vote 13 - [NAME OF VOTE 13] | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Vote 14 - [NAME OF VOTE 14] | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Vote 15 - [NAME OF VOTE 15] | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Capital multi-year expenditure sub-total | 2 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Single-year expenditure to be appropriated | | | | | | | | | | | | | | | | |
| Vote 1 - Budget & Treasury | | 38 | 38 | 38 | 38 | - | - | - | - | - | - | - | - | 150 | 159 | 169 |
| Vote 2 - Community & Social Services | | - | - | - | - | - | 390 | 473 | 473 | 473 | - | 298 | 298 | 2 405 | 896 | 949 |
| Vote 3 - Electricity | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Vote 4 - Executive & Council | | - | 103 | 103 | 103 | 103 | 17 | 17 | 17 | - | - | - | - | 460 | 488 | 517 |
| Vote 5 - Health | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Vote 6 - Planning & Development | | - | - | - | - | - | 1 538 | 1 538 | 1 538 | - | - | - | - | 4 614 | 7 500 | 12 843 |
| Vote 7 - Public Safety | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Vote 8 - Sport & Recreation | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Vote 9 - Waste Management | | - | - | - | - | - | - | - | 1 067 | 1 067 | 1 067 | 1 067 | 1 067 | 5 336 | 3 700 | - |
| Vote 10 - Water | | - | - | - | - | - | - | - | - | - | - | - | - | - | 1 750 | - |
| Vote 11 - [NAME OF VOTE 11] | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Vote 12 - [NAME OF VOTE 12] | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Vote 13 - [NAME OF VOTE 13] | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Vote 14 - [NAME OF VOTE 14] | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Vote 15 - [NAME OF VOTE 15] | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Capital single-year expenditure sub-total | 2 | 38 | 140 | 140 | 140 | 103 | 1 945 | 2 028 | 3 095 | 1 541 | 1 067 | 1 365 | 1 365 | 12 965 | 14 492 | 14 478 |
| Total Capital Expenditure | 2 | 38 | 140 | 140 | 140 | 103 | 1 945 | 2 028 | 3 095 | 1 541 | 1 067 | 1 365 | 1 365 | 12 965 | 14 492 | 14 478 |

Table 44 MBRR SA29 - Budgeted monthly capital expenditure (standard classification)

| Description | Ref | Budget Year 2012/13 | | | | | | | | | | | | Medium Term Revenue and Expenditure Framework | | |
|---|-----|---------------------|--------|-------|---------|------|-------|---------|-------|-------|-------|-------|-------|---|------------------------|------------------------|
| | | July | August | Sept. | October | Nov. | Dec. | January | Feb. | March | April | May | June | Budget Year 2012/13 | Budget Year +1 2013/14 | Budget Year +2 2014/15 |
| Capital Expenditure - Standard | 1 | | | | | | | | | | | | | | | |
| <i>Governance and administration</i> | | 38 | 140 | 140 | 140 | 103 | 17 | 17 | 17 | - | - | - | - | 610 | 647 | 685 |
| Executive & council | | - | 103 | 103 | 103 | 103 | 17 | 17 | 17 | - | - | - | - | 460 | 488 | 517 |
| Budget & treasury | | 38 | 38 | 38 | 38 | - | - | - | - | - | - | - | - | 150 | 159 | 169 |
| Corporate services | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| <i>Community and public safety</i> | | - | - | - | - | - | 390 | 473 | 473 | 473 | - | 298 | 298 | 2 405 | 896 | 949 |
| Community & social services | | - | - | - | - | - | 390 | 473 | 473 | 473 | - | 298 | 298 | 2 405 | 896 | 949 |
| Sport and recreation | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Public safety | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Housing | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Health | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| <i>Economic and environmental services</i> | | - | - | - | - | - | 1 538 | 1 538 | 1 538 | - | - | - | - | 4 614 | 7 500 | 12 843 |
| Planning & development | | - | - | - | - | - | 1 538 | 1 538 | 1 538 | - | - | - | - | 4 614 | 7 500 | 12 843 |
| Road transport | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Environmental protection | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| <i>Trading services</i> | | - | - | - | - | - | - | - | 1 067 | 1 067 | 1 067 | 1 067 | 1 067 | 5 336 | 5 450 | - |
| Electricity | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Water | | - | - | - | - | - | - | - | - | - | - | - | - | - | 1 750 | - |
| Waste water management | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Waste management | | - | - | - | - | - | - | - | 1 067 | 1 067 | 1 067 | 1 067 | 1 067 | 5 336 | 3 700 | - |
| <i>Other</i> | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Total Capital Expenditure - Standard | 2 | 38 | 140 | 140 | 140 | 103 | 1 945 | 2 028 | 3 095 | 1 541 | 1 067 | 1 365 | 1 365 | 12 965 | 14 492 | 14 478 |

Table 45 MBRR SA30 - Budgeted monthly cash flow

| MONTHLY CASH FLOWS | Budget Year 2012/13 | | | | | | | | | | | | Medium Term Revenue and Expenditure Framework | | |
|--|---------------------|----------------|--------------|----------------|----------------|----------------|----------------|----------------|--------------|----------------|---------------|---------------|---|------------------------|------------------------|
| | July | August | Sept. | October | November | December | January | February | March | April | May | June | Budget Year 2012/13 | Budget Year +1 2013/14 | Budget Year +2 2014/15 |
| Cash Receipts By Source | | | | | | | | | | | | | 1 | | |
| Property rates | 369 | 369 | 1 738 | 369 | 369 | 369 | 369 | 369 | 369 | 369 | 369 | 369 | 5 793 | 6 125 | 6 450 |
| Property rates - penalties & collection charges | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Service charges - electricity revenue | 984 | 106 | 1 589 | 1 089 | 945 | 19 | 1 233 | 527 | 1 014 | 1 188 | 242 | 579 | 9 515 | 10 062 | 10 595 |
| Service charges - water revenue | 236 | 3 | 220 | 220 | 227 | 303 | 265 | 244 | 486 | 410 | 358 | 235 | 3 208 | 3 392 | 3 572 |
| Service charges - sanitation revenue | 613 | 0 | 424 | 424 | 309 | 100 | 215 | 600 | 657 | 609 | 182 | 88 | 4 223 | 4 465 | 4 702 |
| Service charges - refuse revenue | 291 | 50 | 245 | 245 | 296 | 50 | 561 | 223 | 624 | 284 | 50 | 137 | 3 056 | 3 231 | 3 402 |
| Service charges - other | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Rental of facilities and equipment | 73 | 18 | 50 | 50 | 51 | 16 | 51 | 54 | 73 | 46 | 50 | 50 | 581 | 614 | 647 |
| Interest earned - external investments | 132 | 38 | 26 | 26 | 17 | 0 | 32 | 21 | 14 | 35 | 19 | 19 | 380 | 403 | 427 |
| Interest earned - outstanding debtors | 123 | - | 197 | 197 | 134 | - | 272 | 153 | 134 | 140 | 225 | 107 | 1 683 | 1 779 | 1 874 |
| Dividends received | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Fines | 547 | 495 | 958 | 958 | 588 | 528 | 276 | 860 | 1 495 | 581 | 5 902 | 4 659 | 17 847 | 18 872 | 19 872 |
| Licences and permits | 40 | 32 | 31 | 31 | 63 | 24 | 50 | 52 | 33 | 49 | 7 | 7 | 419 | 444 | 471 |
| Agency services | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 0 | 2 | 2 | 2 | 12 | 13 | 13 |
| Transfer receipts - operational | 7 205 | - | 7 | 7 | - | 5 285 | - | - | 4 388 | - | 1 946 | 1 946 | 20 785 | 22 637 | 24 289 |
| Other revenue | 11 | 12 | 20 | 20 | 12 | 6 | 11 | 2 | 16 | 27 | 69 | 69 | 275 | 291 | 309 |
| Cash Receipts by Source | 10 623 | 1 123 | 5 505 | 3 636 | 3 011 | 6 701 | 3 335 | 3 106 | 9 305 | 3 738 | 9 422 | 8 268 | 67 775 | 72 329 | 76 622 |
| Other Cash Flows by Source | | | | | | | | | | | | | | | |
| Transfer receipts - capital | - | - | - | - | - | - | - | - | - | - | 5 755 | 5 755 | 11 510 | 12 141 | 12 843 |
| Contributions recognised - capital & Contributed | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Proceeds on disposal of PPE | - | - | - | - | - | - | - | - | - | - | - | 225 | 225 | 239 | 253 |
| Short term loans | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Borrowing long term/refinancing | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Increase (decrease) in consumer deposits | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 12 | 12 | 13 |
| Decrease (increase) in non-current debtors | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Decrease (increase) other non-current receivable | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Decrease (increase) in non-current investments | (5) | (5) | (5) | (5) | (5) | (5) | (5) | (5) | (5) | (5) | (5) | (5) | (60) | (89) | (94) |
| Total Cash Receipts by Source | 10 619 | 1 119 | 5 501 | 3 632 | 3 007 | 6 697 | 3 331 | 3 102 | 9 301 | 3 734 | 15 173 | 14 244 | 79 462 | 84 632 | 89 637 |
| Cash Payments by Type | | | | | | | | | | | | | | | |
| Employee related costs | 1 788 | 1 740 | 1 927 | 1 927 | 1 794 | 2 402 | 2 016 | 1 971 | 1 824 | 1 993 | 4 612 | 4 612 | 28 606 | 30 322 | 32 141 |
| Remuneration of councillors | 144 | 144 | 144 | 144 | 144 | 144 | 144 | 203 | 152 | 152 | 257 | 257 | 2 030 | 2 152 | 2 281 |
| Finance charges | 19 | 69 | 45 | 45 | 47 | 41 | 30 | 65 | 62 | 65 | 81 | 81 | 650 | 689 | 731 |
| Bulk purchases - Electricity | 704 | 949 | 1 107 | 1 107 | 534 | 505 | 535 | 83 | 977 | 565 | 883 | 662 | 8 614 | 9 126 | 9 673 |
| Bulk purchases - Water & Sewer | - | 40 | 60 | 60 | - | - | 75 | 33 | 40 | 73 | 51 | 39 | 471 | 499 | 529 |
| Other materials | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Contracted services | 870 | 870 | 870 | 870 | 870 | 870 | 870 | 870 | 870 | 870 | 870 | 870 | 10 443 | 11 064 | 11 728 |
| Transfers and grants - other municipalities | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Transfers and grants - other | 19 | 94 | 228 | 228 | 1 455 | 52 | 1 258 | 500 | 550 | 509 | 46 | 46 | 4 986 | 5 285 | 5 602 |
| Other expenditure | 1 089 | 901 | 1 231 | 1 231 | 1 506 | 1 887 | 609 | 493 | 875 | 914 | 5 179 | 4 653 | 20 567 | 19 527 | 20 811 |
| Cash Payments by Type | 4 633 | 4 808 | 5 612 | 5 612 | 6 351 | 5 902 | 5 538 | 4 218 | 5 351 | 5 140 | 11 980 | 11 221 | 76 367 | 78 666 | 83 496 |
| Other Cash Flows/Payments by Type | | | | | | | | | | | | | | | |
| Capital assets | 38 | 140 | 140 | 140 | 103 | 1 945 | 2 028 | 3 095 | 1 541 | 1 067 | 1 365 | 1 365 | 12 965 | 14 492 | 14 478 |
| Repayment of borrowing | - | - | - | - | - | - | 118 | - | - | - | - | 118 | 236 | 208 | 204 |
| Other Cash Flows/Payments | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Total Cash Payments by Type | 4 671 | 4 948 | 5 752 | 5 752 | 6 453 | 7 847 | 7 684 | 7 313 | 6 892 | 6 207 | 13 345 | 12 703 | 89 567 | 93 366 | 98 178 |
| NET INCREASE/(DECREASE) IN CASH HELD | 5 949 | (3 829) | (251) | (2 121) | (3 446) | (1 149) | (4 352) | (4 211) | 2 410 | (2 473) | 1 828 | 1 541 | (10 106) | (8 734) | (8 541) |
| Cash/cash equivalents at the month/year begin: | (15 133) | (9 185) | (13 014) | (13 265) | (15 386) | (18 832) | (19 981) | (24 333) | (28 545) | (26 135) | (28 608) | (26 780) | (15 133) | (25 239) | (33 973) |
| Cash/cash equivalents at the month/year end: | (9 185) | (13 014) | (13 265) | (15 386) | (18 832) | (19 981) | (24 333) | (28 545) | (26 135) | (28 608) | (26 780) | (25 239) | (25 239) | (33 973) | (42 514) |

2.10 Annual budgets and SDBIPs – internal departments

2.10.1 Water Services Department – Vote 14

The department is primarily responsible for the distribution of potable water within the municipal boundary, which includes the purification of raw water, maintenance of the reticulation network and implementation of the departmental capital programme.

Table 46 Water Services Department - operating revenue by source, expenditure by type and total capital expenditure

| Description R thousand | 2008/9 | 2009/10 | 2010/11 | Current Year 2011/12 | | | | 2012/13 Medium Term Revenue & Expenditure Framework | | |
|--|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|-------------------|---|------------------------|------------------------|
| | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Pre-audit outcome | Budget Year 2012/13 | Budget Year +1 2013/14 | Budget Year +2 2014/15 |
| Revenue By Source | | | | | | | | | | |
| Service charges - water revenue | 3 007 | 3 232 | 3 807 | 2 117 | 3 846 | 3 846 | 3 846 | 3 814 | 4 140 | 4 388 |
| Service charges - other | - | - | - | - | - | - | - | - | - | - |
| Interest earned - outstanding debtors | - | - | - | - | - | - | - | - | - | - |
| Transfers recognised - operational | - | - | - | - | - | - | - | - | - | - |
| Total Revenue (excluding capital transfers and contributions) | 3 007 | 3 232 | 3 807 | 2 117 | 3 846 | 3 846 | 3 846 | 3 814 | 4 140 | 4 388 |
| Expenditure By Type | | | | | | | | | | |
| Employee related costs | - | - | - | 884 | 887 | 887 | 887 | 1 009 | 899 | 855 |
| Remuneration of councillors | - | - | - | - | - | - | - | - | - | - |
| Debt impairment | - | - | - | - | - | - | - | - | 120 | 120 |
| Depreciation & asset impairment | - | - | - | - | - | - | - | 926 | 20 | 20 |
| Finance charges | - | - | - | - | - | - | - | - | - | - |
| Bulk purchases | 424 | 430 | 426 | 450 | 480 | 480 | 480 | 483 | 483 | 512 |
| Other materials | - | - | - | - | - | - | - | - | - | - |
| Repairs & Maintenance | - | - | - | 565 | 565 | 565 | 565 | 483 | 483 | 512 |
| Transfers and grants | - | - | - | - | - | - | - | - | - | - |
| Other expenditure | 25 016 | 9 142 | 15 008 | 17 806 | 1 821 | 1 163 | 1 163 | 1 764 | 2 013 | 2 081 |
| Total Expenditure | 25 440 | 9 572 | 15 434 | 19 705 | 3 753 | 3 095 | 3 095 | 4 182 | 4 018 | 4 100 |
| Surplus/(Deficit) | (22 433) | (6 340) | (11 627) | (14 914) | 93 | (751) | (751) | 368 | 122 | 288 |

Significant capital projects to be undertaken over the medium term includes, amongst others:

- Water distribution, dams and reservoirs – R1,750 million;

The departmental strategy is ensuring the economic value and useful life of the water reticulation network and infrastructure is maintained. To this end, the medium-term expenditure framework provides for operational repairs and maintenance of R515 thousand, R465 thousand and R350 thousand in each of the respective financial years of the MTREF.

The departmental revenue base is primarily informed by the sale of water of which budget appropriation for the 2012/13 financial year is R3,431 million and increases to R3,856 million by 2014/15.

2.11 Contracts having future budgetary implications

In terms of the Municipality's Supply Chain Management Policy, no contracts are awarded beyond the medium-term revenue and expenditure framework (three years). In ensuring adherence to this contractual time frame limitation, all reports submitted to either the Bid Evaluation and Adjudication Committees must obtain formal financial comments from the Financial Management Division of the Treasury Department.

2.12 Capital expenditure details

The following three tables present details of the Municipality's capital expenditure programme, firstly on new assets, then the renewal of assets and finally on the repair and maintenance of assets.

Table 47 MBRR SA 34a - Capital expenditure on new assets by asset class

| Description | Ref | 2008/9 | 2009/10 | 2010/11 | Current Year 2011/12 | | | 2012/13 Medium Term Revenue & Expenditure Framework | | |
|--|--|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|---|------------------------|------------------------|
| | | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Budget Year 2012/13 | Budget Year +1 2013/14 | Budget Year +2 2014/15 |
| R thousand | 1 | | | | | | | | | |
| Capital expenditure on new assets by Asset Class/Sub-class | | | | | | | | | | |
| Infrastructure | 1 < | | | | | | | | | |

Table 59 MBRR SA34b - Capital expenditure on the renewal of existing assets by asset class

| Description | Ref | 2008/9 | 2009/10 | 2010/11 | Current Year 2011/12 | | | 2012/13 Medium Term Revenue & Expenditure Framework | | |
|---|----------|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|---|------------------------|------------------------|
| | | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Budget Year 2012/13 | Budget Year +1 2013/14 | Budget Year +2 2014/15 |
| R thousand | 1 | | | | | | | | | |
| Capital expenditure on renewal of existing assets by Asset Class/Sub-class | | | | | | | | | | |
| Infrastructure | | - | - | - | - | - | - | - | - | - |
| Infrastructure - Road transport | | - | - | - | - | - | - | - | - | - |
| Roads, Pavements & Bridges | | - | - | - | - | - | - | - | - | - |
| Storm water | | - | - | - | - | - | - | - | - | - |
| Infrastructure - Electricity | | - | - | - | - | - | - | - | - | - |
| Generation | | - | - | - | - | - | - | - | - | - |
| Transmission & Reticulation | | - | - | - | - | - | - | - | - | - |
| Street Lighting | | - | - | - | - | - | - | - | - | - |
| Infrastructure - Water | | - | - | - | - | - | - | - | - | - |
| Dams & Reservoirs | | - | - | - | - | - | - | - | - | - |
| Water purification | | - | - | - | - | - | - | - | - | - |
| Reticulation | | - | - | - | - | - | - | - | - | - |
| Infrastructure - Sanitation | | - | - | - | - | - | - | - | - | - |
| Reticulation | | - | - | - | - | - | - | - | - | - |
| Sewerage purification | | - | - | - | - | - | - | - | - | - |
| Infrastructure - Other | | - | - | - | - | - | - | - | - | - |
| Waste Management | | - | - | - | - | - | - | - | - | - |
| Transportation | 2 | - | - | - | - | - | - | - | - | - |
| Gas | | - | - | - | - | - | - | - | - | - |
| Other | 3 | - | - | - | - | - | - | - | - | - |
| Community | | - | - | - | - | - | - | - | - | - |
| Parks & gardens | | - | - | - | - | - | - | - | - | - |
| Sportsfields & stadia | | - | - | - | - | - | - | - | - | - |
| Swimming pools | | - | - | - | - | - | - | - | - | - |
| Community halls | | - | - | - | - | - | - | - | - | - |
| Libraries | | - | - | - | - | - | - | - | - | - |
| Recreational facilities | | - | - | - | - | - | - | - | - | - |
| Fire, safety & emergency | | - | - | - | - | - | - | - | - | - |
| Security and policing | | - | - | - | - | - | - | - | - | - |
| Buses | 7 | - | - | - | - | - | - | - | - | - |
| Clinics | | - | - | - | - | - | - | - | - | - |
| Museums & Art Galleries | | - | - | - | - | - | - | - | - | - |
| Cemeteries | | - | - | - | - | - | - | - | - | - |
| Social rental housing | 8 | - | - | - | - | - | - | - | - | - |
| Other | | - | - | - | - | - | - | - | - | - |
| Heritage assets | | - | - | - | - | - | - | - | - | - |
| Buildings | | - | - | - | - | - | - | - | - | - |
| Other | 9 | - | - | - | - | - | - | - | - | - |
| Investment properties | | - | - | - | - | - | - | - | - | - |
| Housing development | | - | - | - | - | - | - | - | - | - |
| Other | | - | - | - | - | - | - | - | - | - |
| Other assets | | - | - | - | - | - | - | - | - | - |
| General vehicles | | - | - | - | - | - | - | - | - | - |
| Specialised vehicles | | - | - | - | - | - | - | - | - | - |
| Plant & equipment | 10 | - | - | - | - | - | - | - | - | - |
| Computers - hardware/equipment | | - | - | - | - | - | - | - | - | - |
| Furniture and other office equipment | | - | - | - | - | - | - | - | - | - |
| Abattoirs | | - | - | - | - | - | - | - | - | - |
| Markets | | - | - | - | - | - | - | - | - | - |
| Civic Land and Buildings | | - | - | - | - | - | - | - | - | - |
| Other Buildings | | - | - | - | - | - | - | - | - | - |
| Other Land | | - | - | - | - | - | - | - | - | - |
| Surplus Assets - (Investment or Inventory) | | - | - | - | - | - | - | - | - | - |
| Other | | - | - | - | - | - | - | - | - | - |
| Agricultural assets | | - | - | - | - | - | - | - | - | - |
| List sub-class | | - | - | - | - | - | - | - | - | - |
| Biological assets | | - | - | - | - | - | - | - | - | - |
| List sub-class | | - | - | - | - | - | - | - | - | - |
| Intangibles | | - | - | - | - | - | - | - | - | - |
| Computers - software & programming | | - | - | - | - | - | - | - | - | - |
| Other (list sub-class) | | - | - | - | - | - | - | - | - | - |
| Total Capital Expenditure on renewal of existing | 1 | - | - | - | - | - | - | - | - | - |

Table 60 MBRR SA34c - Repairs and maintenance expenditure by asset class

| Description | Ref | 2008/9 | 2009/10 | 2010/11 | Current Year 2011/12 | | | 2012/13 Medium Term Revenue & Expenditure Framework | | |
|--|-----|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|---|------------------------|------------------------|
| R thousand | 1 | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Budget Year 2012/13 | Budget Year +1 2013/14 | Budget Year +2 2014/15 |
| Repairs and maintenance expenditure by Asset Class/Sub-class | | | | | | | | | | |
| Infrastructure | | 367 | 815 | 1 008 | - | 3 390 | 3 390 | 3 340 | 3 540 | 3 753 |
| Infrastructure - Road transport | | 65 | 294 | 503 | - | 1 155 | 1 155 | 1 110 | 1 177 | 1 247 |
| Roads, Pavements & Bridges | | 65 | 294 | 503 | - | 1 155 | 1 155 | 1 110 | 1 177 | 1 247 |
| Storm water | | - | - | - | - | - | - | - | - | - |
| Infrastructure - Electricity | | 125 | 177 | 118 | - | 1 670 | 1 670 | 1 665 | 1 765 | 1 871 |
| Generation | | - | - | - | - | - | - | - | - | - |
| Transmission & Reticulation | | 125 | 170 | 118 | - | 1 610 | 1 610 | 1 610 | 1 707 | 1 809 |
| Street Lighting | | - | 8 | - | - | 60 | 60 | 55 | 58 | 62 |
| Infrastructure - Water | | 109 | 196 | 330 | - | 365 | 365 | 365 | 387 | 410 |
| Dams & Reservoirs | | - | - | - | - | - | - | - | - | - |
| Water purification | | - | - | - | - | - | - | - | - | - |
| Reticulation Water | | 109 | 196 | 330 | - | 365 | 365 | 365 | 387 | 410 |
| Infrastructure - Sanitation | | 57 | 81 | 22 | - | 100 | 100 | 100 | 106 | 112 |
| Reticulation | | - | - | - | - | - | - | - | - | - |
| Sewerage purification | | 57 | 81 | 22 | - | 100 | 100 | 100 | 106 | 112 |
| Infrastructure - Other | | 10 | 68 | 34 | - | 100 | 100 | 100 | 106 | 112 |
| Refuse | | 10 | 68 | 34 | - | 100 | 100 | 100 | 106 | 112 |
| Transportation | 2 | - | - | - | - | - | - | - | - | - |
| Gas | | - | - | - | - | - | - | - | - | - |
| Other | 3 | - | - | - | - | - | - | - | - | - |
| Community | | 6 | 6 | 2 | - | 167 | 167 | 201 | 213 | 226 |
| Parks & gardens | | 2 | 3 | 1 | - | 120 | 120 | 120 | 127 | 135 |
| Sportsfields & stadia | | - | - | - | - | - | - | - | - | - |
| Swimming pools | | - | - | - | - | - | - | - | - | - |
| Community halls | | - | - | - | - | - | - | - | - | - |
| Libraries | | 2 | 2 | 1 | - | 2 | 2 | 1 | 1 | 1 |
| Recreational facilities | | - | - | - | - | - | - | - | - | - |
| Fire, safety & emergency | | 1 | 1 | 0 | - | 45 | 45 | 80 | 85 | 90 |
| Security and policing | | - | - | - | - | - | - | - | - | - |
| Buses | 7 | - | - | - | - | - | - | - | - | - |
| Clinics | | - | - | - | - | - | - | - | - | - |
| Museums & Art Galleries | | - | - | - | - | - | - | - | - | - |
| Cemeteries | | - | - | - | - | - | - | - | - | - |
| Social rental housing | 8 | - | - | - | - | - | - | - | - | - |
| Other | | - | - | - | - | - | - | - | - | - |
| Heritage assets | | - | - | - | - | - | - | - | - | - |
| Buildings | | - | - | - | - | - | - | - | - | - |
| Other | 9 | - | - | - | - | - | - | - | - | - |
| Investment properties | | - | - | - | - | - | - | - | - | - |
| Housing development | | - | - | - | - | - | - | - | - | - |
| Other | | - | - | - | - | - | - | - | - | - |
| Other assets | | 761 | 732 | 1 144 | - | 2 015 | 2 015 | 1 485 | 1 574 | 1 669 |
| General vehicles | | 487 | 341 | 714 | - | 871 | 871 | 715 | 758 | 803 |
| Specialised vehicles | | - | - | - | - | - | - | - | - | - |
| Plant & equipment | | 7 | 1 | 4 | - | 230 | 230 | 55 | 58 | 62 |
| Computers - hardware/equipment | | - | - | - | - | - | - | - | - | - |
| Furniture and other office equipment | | 143 | 134 | 246 | - | 479 | 479 | 472 | 501 | 531 |
| Abattoirs | | - | - | - | - | - | - | - | - | - |
| Markets | | - | - | - | - | - | - | - | - | - |
| Civic Land and Buildings | | 124 | 255 | 180 | - | 435 | 435 | 243 | 258 | 273 |
| Other Buildings | | - | - | - | - | - | - | - | - | - |
| Other Land | | - | - | - | - | - | - | - | - | - |
| Surplus Assets - (Investment or Inventory) | | - | - | - | - | - | - | - | - | - |
| Other | | - | - | - | - | - | - | - | - | - |
| Agricultural assets | | - | - | - | - | - | - | - | - | - |
| List sub-class | | - | - | - | - | - | - | - | - | - |
| Biological assets | | - | - | - | - | - | - | - | - | - |
| List sub-class | | - | - | - | - | - | - | - | - | - |
| Intangibles | | - | - | - | - | - | - | - | - | - |
| Computers - software & programming | | - | - | - | - | - | - | - | - | - |
| Other (list sub-class) | | - | - | - | - | - | - | - | - | - |
| Total Repairs and Maintenance Expenditure | 1 | 1 134 | 1 553 | 2 154 | - | 5 572 | 5 572 | 5 026 | 5 328 | 5 647 |

Table 48 MBRR SA35 - Future financial implications of the capital budget

| Vote Description R thousand | Ref | 2012/13 Medium Term Revenue & Expenditure Framework | | | Forecasts | | | |
|--|-----|---|---------------------------|---------------------------|---------------------|---------------------|---------------------|------------------|
| | | Budget Year 2012/13 | Budget Year +1 2013/14 | Budget Year +2 2014/15 | Forecast 2015/16 | Forecast 2016/17 | Forecast 2017/18 | Present value |
| Capital expenditure | 1 | | | | | | | |
| Vote 1 - Budget & Treasury | | 150 | 159 | 169 | | | | |
| Vote 2 - Community & Social Services | | 2 405 | 896 | 949 | | | | |
| Vote 3 - Electricity | | - | - | - | | | | |
| Vote 4 - Executive & Council | | 460 | 488 | 517 | | | | |
| Vote 5 - Health | | - | - | - | | | | |
| Vote 6 - Planning & Development | | 4 614 | 7 500 | 12 843 | | | | |
| Vote 7 - Public Safety | | - | - | - | | | | |
| Vote 8 - Sport & Recreation | | - | - | - | | | | |
| Vote 9 - Waste Management | | 5 336 | 3 700 | - | | | | |
| Vote 10 - Water | | - | 1 750 | - | | | | |
| Vote 11 - [NAME OF VOTE 11] | | - | - | - | | | | |
| Vote 12 - [NAME OF VOTE 12] | | - | - | - | | | | |
| Vote 13 - [NAME OF VOTE 13] | | - | - | - | | | | |
| Vote 14 - [NAME OF VOTE 14] | | - | - | - | | | | |
| Vote 15 - [NAME OF VOTE 15] | | - | - | - | | | | |
| <i>List entity summary if applicable</i> | | | | | | | | |
| Total Capital Expenditure | | 12 965 | 14 492 | 14 478 | - | - | - | - |
| Future operational costs by vote | 2 | | | | | | | |
| Vote 1 - Budget & Treasury | | | | | | | | |
| Vote 2 - Community & Social Services | | | | | | | | |
| Vote 3 - Electricity | | | | | | | | |
| Vote 4 - Executive & Council | | | | | | | | |
| Vote 5 - Health | | | | | | | | |
| Vote 6 - Planning & Development | | | | | | | | |
| Vote 7 - Public Safety | | | | | | | | |
| Vote 8 - Sport & Recreation | | | | | | | | |
| Vote 9 - Waste Management | | | | | | | | |
| Vote 10 - Water | | | | | | | | |
| Vote 11 - [NAME OF VOTE 11] | | | | | | | | |
| Vote 12 - [NAME OF VOTE 12] | | | | | | | | |
| Vote 13 - [NAME OF VOTE 13] | | | | | | | | |
| Vote 14 - [NAME OF VOTE 14] | | | | | | | | |
| Vote 15 - [NAME OF VOTE 15] | | | | | | | | |
| <i>List entity summary if applicable</i> | | | | | | | | |
| Total future operational costs | | - | - | - | - | - | - | - |
| Future revenue by source | 3 | | | | | | | |
| Property rates | | | | | | | | |
| Property rates - penalties & collection charges | | | | | | | | |
| Service charges - electricity revenue | | | | | | | | |
| Service charges - water revenue | | | | | | | | |
| Service charges - sanitation revenue | | | | | | | | |
| Service charges - refuse revenue | | | | | | | | |
| Service charges - other | | | | | | | | |
| Rental of facilities and equipment | | | | | | | | |
| <i>List other revenues sources if applicable</i> | | | | | | | | |
| <i>List entity summary if applicable</i> | | | | | | | | |
| Total future revenue | | - | - | - | - | - | - | - |
| Net Financial Implications | | 12 965 | 14 492 | 14 478 | - | - | - | - |

Table 62 MBRR SA36 - Detailed capital budget per municipal vote

| Municipal Vote/Capital project | Ref | Program/Project description | Project number | IDP Goal code 2 | Individually Approved (Yes/No) | Asset Class | Asset Sub-Class | GPS co-ordinates | Total Project Estimate | Prior year outcomes | | 2012/13 Medium Term Revenue & Expenditure Framework | | | Project information | |
|--|-----|-----------------------------|----------------|-----------------|--------------------------------|---------------------------------|-------------------------------|------------------|------------------------|-------------------------|---|---|------------------------|------------------------|---------------------|----------------|
| | | | | | | | | | | Audited Outcome 2010/11 | Current Year 2011/12 Full Year Forecast | Budget Year 2012/13 | Budget Year +1 2013/14 | Budget Year +2 2014/15 | Ward location | New or renewal |
| Parent municipality: <i>List all capital projects grouped by Municipal Vote</i> | | | | | | | | | | | | | | | | |
| Council General Expenses | | Capital Program | | | Yes | Other assets | Other | | | 674 | 888 | 50 | 53 | 56 | | New |
| Cemeteries | | Capital Program | | | Yes | Community | Cemeteries | | | - | 300 | 1 560 | - | - | | New |
| Roads and Stormwater Drainage | | Capital Program | | | Yes | Infrastructure - Road transport | Roads, Pavements & Bridges | | | 1 968 | 2 250 | 4 614 | 7 500 | 12 843 | | New |
| Roads and Stormwater Drainage | | Capital Program | | | Yes | Infrastructure - Road transport | Storm water | | | - | 2 900 | - | - | - | | New |
| Water Distribution | | Capital Program | | | Yes | Infrastructure - Water | Dams & Reservoirs | | | 1 146 | 200 | - | 1 750 | - | | New |
| Sewerage and Sanitation | | Capital Program | | | Yes | Infrastructure - Sanitation | Sewerage purification | | | 610 | 2 950 | - | - | - | | New |
| Cleansing | | Capital Program | | | Yes | Infrastructure - Other | Refuse | | | - | - | 5 336 | 3 700 | - | | New |
| Electricity | | Capital Program | | | Yes | Infrastructure - Electricity | Transmission & Reticalulation | | | 1 304 | - | - | - | - | | New |
| Electricity | | Small Assets | | | Yes | Other assets | Other | | | 10 | - | - | - | - | | New |
| Licences | | Small Assets | 30/4120/0000 | | Yes | Other assets | Other | | | 385 | 160 | 250 | 265 | 281 | | New |
| Administration | | Small Assets | 40/4120/0000 | | Yes | Other assets | Other | | | - | 22 | 595 | 631 | 669 | | New |
| Council General Expenses | | Small Assets | 90/4120/0000 | | Yes | Other assets | Other | | | - | 40 | 410 | 435 | 461 | | New |
| Finance | | Small Assets | 30/4120/0000 | | Yes | Other assets | Other | | | 49 | 70 | 150 | 159 | 169 | | New |
| | | | | | | | | | | - | - | - | - | - | | |
| Parent Capital expenditure | 1 | | | | | | | | | 6 147 | 9 780 | 12 965 | 14 492 | 14 478 | | |
| Entitles: <i>List all capital projects grouped by Entity</i> | | | | | | | | | | | | | | | | |
| Entity A Water project A | | | | | | | | | | 1 304 | | | | | | |
| Entity B Electricity project B | | | | | | | | | | | | | | | | |
| Entity Capital expenditure | | | | | | | | | | 1 304 | - | - | - | - | | |
| Total Capital expenditure | | | | | | | | | | 7 451 | 9 780 | 12 965 | 14 492 | 14 478 | | |

Table 49 MBRR SA37 - Projects delayed from previous financial year

NC071 Ubuntu - Supporting Table SA37 Projects delayed from previous financial year/s

| Municipal Vote/Capital project R thousand | Ref. 1,2 | Project name | Project number | Asset Class 3 | Asset Sub-Class 3 | GPS co-ordinates 4 | Previous target year to complete Year | Current Year 2011/12 | | 2012/13 Medium Term Revenue & Expenditure Framework | | |
|--|-------------|--------------|-------------------|------------------|----------------------|-----------------------|--|----------------------|-----------------------|--|---------------------------|---------------------------|
| | | | | | | | | Original Budget | Full Year Forecast | Budget Year 2012/13 | Budget Year +1 2013/14 | Budget Year +2 2014/15 |
| Parent municipality: <i>List all capital projects grouped by Municipal Vote</i> | | | | <i>Examples</i> | <i>Examples</i> | | | | | | | |
| | | | | | | | | | | | | |
| Entities: <i>List all capital projects grouped by Municipal Entity</i> | | | | | | | | | | | | |
| <i>Entity Name</i> <i>Project name</i> | | | | | | | | | | | | |

2.13 Legislation compliance status

Compliance with the MFMA implementation requirements have been substantially adhered to through the following activities:

1. In year reporting
Reporting to National Treasury and Provincial Treasury in electronic format was not fully complied with on a monthly basis. All S71 reports were submitted but some were not before the deadline. The municipality has improved significantly during half of the financial year and strive to be fully compliant for 2012/13.
2. Internship programme
The Municipality is participating in the Municipal Financial Management Internship programme and has employed five interns undergoing training in various divisions of the Financial Services Department. None of the interns has been employed permanently due to cash flow restraints. Of the five interns five has been enrolled on a course to comply with the minimum standards.
3. Budget and Treasury Office
The Budget and Treasury Office has not been established in accordance with the MFMA. Three interns will be accommodated in the Budget and Treasury Office in 2013/14 financial year.
4. Audit Committee
An Audit Committee has been established and is fully functional.
5. Service Delivery and Implementation Plan
The detail SDBIP document is finalised.
6. Annual Report
Annual report is compiled in terms of the MFMA and National Treasury requirements.
7. MFMA Training
The MFMA training module in electronic format is presented at the Municipality's internal centre and training is on-going.
8. Policies
An amendment of the Municipal Property Rates Regulations as published in Government Notice 363 of 27 March 2009, was announced in Government Gazette 33016 on 12 March 2010. The ratios as prescribed in the Regulations have been complied with.

Table 50 - Policies

| Policy | Date Tabled | Date Implemented | Date Amended | Reference |
|------------------------------|-------------|------------------|--------------|-----------|
| Supply Chain Policy | 23/06/2008 | 23/06/2008 | 12/05/2011 | |
| Tariff Policy on Rates | 23/06/2008 | 23/06/2008 | | |
| Tariff Policy on Electricity | 23/06/2008 | 23/06/2008 | | |
| Tariff Policy on Water | 23/06/2008 | 23/06/2008 | | |
| Tariff Policy on Sanitation | 23/06/2008 | 23/06/2008 | | |
| Tariff Policy on Refuse | 23/06/2008 | 23/06/2008 | | |
| Municipal Property Rates | 23/06/2008 | 23/06/2008 | | |

| | | | | |
|---|------------|------------|--|--|
| Policy | | | | |
| Credit Control & Debt Collection Policy | 23/06/2008 | 23/06/2008 | | |
| Cash management & Investment Policy | 23/06/2008 | 23/06/2008 | | |
| Borrowing Policy | 23/06/2008 | 23/06/2008 | | |
| Funding & Reserves Policy | 23/06/2008 | 23/06/2008 | | |
| Policy Related to Long Term Financial Planning | 23/06/2008 | 23/06/2008 | | |
| Policy Related to Management & Disposal of Assets | 23/06/2008 | 23/06/2008 | | |
| Policy Related to Dealing with Infrastructure, Investments & Assets | 23/06/2008 | 23/06/2008 | | |
| Indigent Policy | 23/06/2008 | 23/06/2008 | | |
| Budget Implementation & Management Policy | 23/06/2008 | 23/06/2008 | | |

2.14 Other supporting documents

Table 51 MBRR Table SA1 - Supporting detail to budgeted financial performance

| Description | 2008/9 | 2009/10 | 2010/11 | Current Year 2011/12 | | | | 2012/13 Medium Term Revenue & Expenditure Framework | | |
|--|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|-------------------|---|------------------------|------------------------|
| | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Pre-audit outcome | Budget Year 2012/13 | Budget Year +1 2013/14 | Budget Year +2 2014/15 |
| R thousand | | | | | | | | | | |
| REVENUE ITEMS: | | | | | | | | | | |
| Revenue By Source | | | | | | | | | | |
| Total Property Rates | | | | | | | | | | |
| less Revenue Foregone | (2 890) | (5 061) | (2 927) | (5 076) | (5 076) | (5 076) | (5 076) | (6 893) | (7 307) | (7 745) |
| Net Property Rates | 2 890 | 5 061 | 2 927 | 5 076 | 5 076 | 5 076 | 5 076 | 6 893 | 7 307 | 7 745 |
| Property rates - penalties & collection charges | | | | | | | | | | |
| Total Property rates - penalties & collection charges | | | | 5 290 | | | | | | |
| Net Property Rates | (4 834) | (5 866) | (7 262) | (5 290) | (6 919) | (6 919) | (6 919) | (10 178) | (10 788) | (11 436) |
| Net Property rates - penalties & collection charges | 4 834 | 5 866 | 7 262 | 10 580 | 6 919 | 6 919 | 6 919 | 10 178 | 10 788 | 11 436 |
| Service charges - electricity revenue | | | | | | | | | | |
| Total Service charges - electricity revenue | | | | | | | | | | |
| Net Property Rates | (2 957) | (3 232) | (3 807) | (2 109) | (3 464) | (3 464) | (3 464) | (3 431) | (3 637) | (3 856) |
| Net Service charges - electricity revenue | 2 957 | 3 232 | 3 807 | 2 109 | 3 464 | 3 464 | 3 464 | 3 431 | 3 637 | 3 856 |
| Service charges - water revenue | | | | | | | | | | |
| Total Service charges - water revenue | | | | | | | | | | |
| Net Property Rates | (2 220) | (1 596) | (2 344) | (1 603) | (1 720) | (1 720) | (1 720) | (4 517) | (4 788) | (5 075) |
| Net Service charges - water revenue | 2 220 | 1 596 | 2 344 | 1 603 | 1 720 | 1 720 | 1 720 | 4 517 | 4 788 | 5 075 |
| Service charges - sanitation revenue | | | | | | | | | | |
| Total refuse removal revenue | | | | | | | | | | |
| Total landfill revenue | (1 952) | (2 235) | (2 433) | (2 593) | (2 503) | (2 503) | (2 503) | (3 268) | (3 464) | (3 672) |
| Net Property Rates | | | | | | | | | | |
| Net Service charges - sanitation revenue | (1 952) | (2 235) | (2 433) | (2 593) | (2 503) | (2 503) | (2 503) | (3 268) | (3 464) | (3 672) |
| Other Revenue by source | | | | | | | | | | |
| Sundry Income | (10 461) | - | - | - | - | - | - | - | - | - |
| Sale of Game | 10 793 | 423 | 124 | 171 | 704 | 704 | 704 | 210 | 222 | 236 |
| Actuarial Gains | - | 34 | - | 35 | 35 | 35 | 35 | 35 | 37 | 39 |
| Public Contributions and donations | 10 865 | 14 | - | - | - | - | - | - | - | - |
| Fair Value Adjustments | 13 | 684 | 499 | 310 | 310 | 310 | 310 | 30 | 32 | 34 |
| Stock Adjustments | 39 | - | 22 | - | - | - | - | - | - | - |
| Third Party Payments | 344 | - | - | - | - | - | - | - | - | - |
| Total 'Other' Revenue | 11 593 | 1 155 | 645 | 516 | 1 049 | 1 049 | 1 049 | 275 | 291 | 309 |
| EXPENDITURE ITEMS: | | | | | | | | | | |
| Expenditure By Type | | | | | | | | | | |
| Basic Salaries and Wages | - | - | - | - | - | - | - | - | - | - |
| Pension and UIF Contributions | 8 000 | 9 384 | 11 889 | 16 458 | 17 568 | 17 568 | 17 568 | 18 101 | 19 187 | 20 338 |
| Medical Aid Contributions | 1 234 | 1 537 | 1 762 | 2 824 | 2 630 | 2 630 | 2 630 | 4 620 | 4 897 | 5 191 |
| Overtime | 234 | 234 | 245 | 213 | 381 | 381 | 381 | 395 | 419 | 444 |
| Performance Bonus | 532 | 625 | 1 103 | 949 | 1 104 | 1 104 | 1 104 | 1 369 | 1 451 | 1 538 |
| Motor Vehicle Allowance | 421 | 506 | 644 | 1 026 | 1 054 | 1 054 | 1 054 | 1 178 | 1 249 | 1 324 |
| Cellphone Allowance | 653 | 658 | 604 | 717 | 773 | 773 | 773 | 778 | 825 | 874 |
| Housing Allowances | 28 | 26 | 25 | 38 | 43 | 43 | 43 | 537 | 570 | 604 |
| Other benefits and allowances | 47 | 48 | 47 | 73 | 77 | 77 | 77 | 98 | 104 | 110 |
| Payments in lieu of leave | 59 | 61 | 213 | 161 | 200 | 200 | 200 | 169 | 179 | 189 |
| Long service awards | 289 | 44 | 604 | 222 | 229 | 229 | 229 | 961 | 1 019 | 1 080 |
| Post-retirement benefit obligations | 11 | 8 | 4 | - | - | - | - | - | - | - |
| sub-total | 11 508 | 13 132 | 17 140 | 22 679 | 24 058 | 24 058 | 24 058 | 28 206 | 29 898 | 31 692 |
| Less: Employees costs capitalised to PPE | - | - | - | - | - | - | - | - | - | - |
| Total Expenditure By Type | 11 508 | 13 132 | 17 140 | 22 679 | 24 058 | 24 058 | 24 058 | 28 206 | 29 898 | 31 692 |
| Contributions recognised - capital | | | | | | | | | | |
| List contributions by contract | | | | | | | | | | |
| Total Contributions recognised - capital | - | - | - | - | - | - | - | - | - | - |

| | | | | | | | | | | |
|--|---------------|--------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Debt impairment | | | | | | | | | | |
| Depreciation of Property, Plant & Equipment | - | - | - | - | - | - | - | - | - | - |
| Lease amortisation | 4 026 | 5 134 | 5 329 | 5 358 | 5 358 | 5 358 | 5 358 | 5 724 | 6 067 | 6 431 |
| Capital asset impairment | - | - | - | - | - | - | - | - | - | - |
| Depreciation resulting from revaluation of PPE | - | 0 | 0 | - | - | - | - | - | - | - |
| Total Debt impairment | 4 026 | 5 134 | 5 329 | 5 358 | 5 358 | 5 358 | 5 358 | 5 724 | 6 067 | 6 431 |
| Finance charges | | | | | | | | | | |
| Electricity Bulk Purchases | - | - | - | - | - | - | - | - | - | - |
| Water Bulk Purchases | 3 921 | 5 554 | 7 113 | 8 000 | 9 658 | 9 658 | 9 658 | 8 834 | 9 364 | 9 926 |
| Total bulk purchases | 3 921 | 5 554 | 7 113 | 8 000 | 9 658 | 9 658 | 9 658 | 8 834 | 9 364 | 9 926 |
| Transfers and grants | | | | | | | | | | |
| Cash transfers and grants | 3 405 | 2 659 | 3 548 | 3 483 | 3 558 | 3 558 | 3 558 | 4 986 | 5 285 | 5 602 |
| Non-cash transfers and grants | - | - | - | - | - | - | - | - | - | - |
| Total transfers and grants | 3 405 | 2 659 | 3 548 | 3 483 | 3 558 | 3 558 | 3 558 | 4 986 | 5 285 | 5 602 |
| Other materials | | | | | | | | | | |
| <i>Traffic Systems</i> | - | - | - | - | - | - | - | - | - | - |
| <i>sub-total</i> | - | - | - | - | - | - | - | - | - | - |
| Allocations to organs of state: | | | | | | | | | | |
| Electricity | - | - | - | - | - | - | - | - | - | - |
| Water | - | - | - | - | - | - | - | - | - | - |
| Sanitation | - | - | - | - | - | - | - | - | - | - |
| Other | - | - | - | - | - | - | - | - | - | - |
| Total contracted services | - | - | - | - | - | - | - | - | - | - |
| Other Expenditure By Type | | | | | | | | | | |
| Collection costs | - | - | - | - | - | - | - | - | - | - |
| Contributions to 'other' provisions | - | - | - | - | - | - | - | - | - | - |
| Consultant fees | - | - | - | - | - | - | - | - | - | - |
| Audit fees | - | - | - | - | - | - | - | - | - | - |
| General expenses | 855 | 1 230 | 960 | 1 892 | 1 827 | 1 827 | 1 827 | 1 800 | 1 908 | 2 022 |
| <i>Advertising</i> | 207 | 181 | 150 | 753 | 863 | 863 | 863 | 1 496 | 1 586 | 1 681 |
| <i>Bank Charges</i> | 101 | 83 | 46 | 90 | 90 | 90 | 90 | 105 | 111 | 118 |
| <i>Job Creation</i> | 169 | 297 | 425 | 121 | 121 | 121 | 121 | 146 | 154 | 164 |
| <i>Entertainment Expenses</i> | - | - | 350 | 200 | 200 | 200 | 200 | 2 400 | 424 | 449 |
| <i>Professional Fees</i> | 23 | 76 | 169 | 210 | 210 | 210 | 210 | 220 | 233 | 247 |
| <i>Membership Fees</i> | 1 180 | 501 | 1 842 | - | 2 000 | 2 000 | 2 000 | 1 600 | 1 696 | 1 798 |
| <i>Fuel Cost</i> | 263 | 120 | 229 | 145 | 165 | 165 | 165 | 125 | 132 | 140 |
| <i>Legal Cost</i> | 864 | 784 | 998 | 1 125 | 1 247 | 1 247 | 1 247 | 986 | 1 045 | 1 108 |
| <i>License Fees</i> | 30 | 20 | 34 | 90 | 90 | 90 | 90 | 90 | 95 | 101 |
| <i>Insurance</i> | 28 | 148 | 222 | 263 | 244 | 244 | 244 | 255 | 270 | 286 |
| <i>Penalties</i> | 242 | 289 | 292 | 415 | 415 | 415 | 415 | 481 | 510 | 541 |
| <i>Project Expenditure - Own Funds</i> | - | 10 | 38 | - | - | - | - | - | - | - |
| <i>Paupers Funerals</i> | 659 | 352 | - | - | - | - | - | - | - | - |
| <i>Printing and stationery</i> | 32 | 44 | 36 | 60 | 60 | 60 | 60 | 60 | 64 | 67 |
| <i>Safety clothes</i> | 130 | 162 | 207 | 99 | 211 | 211 | 211 | 223 | 237 | 251 |
| <i>Tyres</i> | 69 | 106 | 155 | 297 | 308 | 308 | 308 | 277 | 293 | 311 |
| <i>Skills development levy</i> | 31 | 163 | 9 | 130 | 126 | 126 | 126 | 182 | 193 | 204 |
| <i>Telephone</i> | 98 | 114 | 139 | 311 | 311 | 311 | 311 | 176 | 187 | 198 |
| <i>Training</i> | 251 | 199 | 227 | 251 | 306 | 306 | 306 | 305 | 323 | 343 |
| <i>Travel and subsistence</i> | 38 | 103 | 26 | 448 | 379 | 379 | 379 | 635 | 673 | 713 |
| <i>Contribution to Womens League</i> | 705 | 901 | 914 | 1 180 | 1 413 | 1 413 | 1 413 | 1 295 | 1 373 | 1 455 |
| <i>Water Research</i> | - | 100 | - | 100 | 100 | 100 | 100 | 100 | 106 | 112 |
| <i>Actuarial Losses</i> | 16 | 32 | 59 | 150 | 150 | 150 | 150 | 60 | 64 | 67 |
| <i>Repairs and maintenance</i> | - | 194 | 686 | 292 | - | - | - | - | - | - |
| <i>Operating grant expenditure</i> | 1 134 | 1 553 | 2 154 | 5 142 | 5 572 | 5 572 | 5 572 | 5 026 | 5 328 | 5 647 |
| <i>Fair Value Adjustments</i> | 17 582 | 1 287 | 4 564 | 2 780 | 2 965 | 2 965 | 2 965 | 3 050 | 3 030 | 3 328 |
| <i>Stock Adjustments</i> | - | 38 | - | - | - | - | - | - | - | - |
| <i>Departmental Charges</i> | - | 56 | 76 | 1 556 | - | - | - | - | - | - |
| Total 'Other' Expenditure | 24 708 | 9 142 | 15 008 | 18 098 | 19 373 | 19 373 | 19 373 | 21 093 | 20 036 | 21 354 |

| | | | | | | | | | | | |
|--|---|-----|-----|-----|---|---|---|---|---|---|---|
| Repairs and Maintenance by Expenditure Item | | | | | | | | | | | |
| Employee related costs | - | - | - | - | - | - | - | - | - | - | - |
| Other materials | - | - | - | - | - | - | - | - | - | - | - |
| Contracted Services | - | - | - | - | - | - | - | - | - | - | - |
| Other Expenditure | - | 194 | 686 | 292 | - | - | - | - | - | - | - |
| Total Repairs and Maintenance Expenditure | - | 194 | 686 | 292 | - | - | - | - | - | - | - |

Table 52 MBRR Table SA2 – Matrix financial performance budget (revenue source/expenditure type and department)

| Description | Ref | Vote 1 - Budget & Treasury | Vote 2 - Community & Social Services | Vote 3 - Electricity | Vote 4 - Executive & Council | Vote 5 - Health | Vote 6 - Planning & Development | Vote 7 - Public Safety | Vote 8 - Sport & Recreation | Vote 9 - Waste Management | Vote 10 - Water | Total |
|--|-----|----------------------------------|---|-------------------------|------------------------------------|--------------------|---------------------------------------|---------------------------|-----------------------------------|---------------------------------|--------------------|-----------------|
| R thousand | 1 | | | | | | | | | | | |
| Revenue By Source | | | | | | | | | | | | |
| Property rates | | 6 196 | – | – | – | – | – | – | – | – | – | 6 196 |
| Property rates - penalties & collection charges | | – | – | – | – | – | – | – | – | – | – | – |
| Service charges - electricity revenue | | – | – | 10 178 | – | – | – | – | – | – | – | 10 178 |
| Service charges - water revenue | | – | – | – | – | – | – | – | – | – | 3 431 | 3 431 |
| Service charges - sanitation revenue | | – | – | – | – | – | – | – | – | 4 517 | – | 4 517 |
| Service charges - refuse revenue | | – | – | – | – | – | – | – | – | 3 268 | – | 3 268 |
| Service charges - other | | – | – | – | – | – | – | – | – | – | – | – |
| Rental of facilities and equipment | | 75 | 140 | – | 390 | 10 | 6 | – | – | – | – | 621 |
| Interest earned - external investments | | 380 | – | – | – | – | – | – | – | – | – | 380 |
| Interest earned - outstanding debtors | | 1 800 | – | – | – | – | – | – | – | – | – | 1 800 |
| Dividends received | | – | – | – | – | – | – | – | – | – | – | – |
| Fines | | – | 19 090 | – | – | – | – | – | – | – | – | 19 090 |
| Licences and permits | | – | 419 | – | – | – | – | – | – | – | – | 419 |
| Agency services | | 12 | – | – | – | – | – | – | – | – | – | 12 |
| Other revenue | | 80 | 36 | 28 | 37 | – | 56 | 2 | 6 | 3 | 27 | 275 |
| Transfers recognised - operational | | 19 009 | 780 | – | 996 | – | – | – | – | – | – | 20 785 |
| Gains on disposal of PPE | | – | 200 | – | – | – | 25 | – | – | – | – | 225 |
| Total Revenue (excluding capital transfers and contributions) | | 27 552 | 20 664 | 10 206 | 1 423 | 10 | 87 | 2 | 6 | 7 788 | 3 458 | 71 197 |
| Expenditure By Type | | | | | | | | | | | | |
| Employee related costs | | 6 027 | 7 993 | 1 381 | 1 104 | – | 7 755 | – | – | 3 336 | 1 009 | 28 606 |
| Remuneration of councillors | | – | – | – | 2 030 | – | – | – | – | – | – | 2 030 |
| Debt impairment | | 3 174 | – | – | – | – | – | – | – | – | – | 3 174 |
| Depreciation & asset impairment | | 1 | 639 | 627 | 23 | – | 3 457 | – | – | 50 | 926 | 5 724 |
| Finance charges | | 32 | 330 | – | – | – | – | – | – | 288 | – | 650 |
| Bulk purchases | | – | – | 8 834 | – | – | – | – | – | – | 483 | 9 317 |
| Other materials | | – | – | – | – | – | – | – | – | – | – | – |
| Contracted services | | – | 10 710 | – | – | – | – | – | – | – | – | 10 710 |
| Transfers and grants | | 159 | – | 885 | – | – | – | – | – | 2 933 | 1 009 | 4 986 |
| Other expenditure | | 6 962 | 3 014 | 2 368 | 4 120 | – | 1 756 | 336 | 148 | 1 432 | 956 | 21 093 |
| Loss on disposal of PPE | | – | – | 3 | – | – | 2 | – | – | 2 | – | 7 |
| Total Expenditure | | 16 354 | 22 687 | 14 099 | 7 278 | – | 12 971 | 336 | 148 | 8 042 | 4 383 | 86 298 |
| Surplus/(Deficit) | | 11 198 | (2 023) | (3 893) | (5 854) | 10 | (12 884) | (334) | (142) | (254) | (924) | (15 101) |
| Transfers recognised - capital | | – | – | – | – | – | 11 510 | – | – | – | – | 11 510 |
| Contributions recognised - capital | | – | – | – | – | – | – | – | – | – | – | – |
| Contributed assets | | – | – | – | – | – | – | – | – | – | – | – |
| Surplus/(Deficit) after capital transfers & contributions | | 11 198 | (2 023) | (3 893) | (5 854) | 10 | (1 374) | (334) | (142) | (254) | (924) | (3 591) |

Table 53 MBRR Table SA3 – Supporting detail to Statement of Financial Position

| Description | Ref | 2008/9 | 2009/10 | 2010/11 | Current Year 2011/12 | | | | 2012/13 Medium Term Revenue & Expenditure Framework | | |
|--|-----|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|-------------------|---|------------------------|------------------------|
| | | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Pre-audit outcome | Budget Year 2012/13 | Budget Year +1 2013/14 | Budget Year +2 2014/15 |
| R thousand | | | | | | | | | | | |
| ASSETS | | | | | | | | | | | |
| Call investment deposits | | | | | | | | | | | |
| Call deposits < 90 days | | 355 | 4 219 | 4 486 | 7 822 | - | - | - | - | - | - |
| Other current investments > 90 days | | - | - | - | 1 344 | - | - | - | - | - | - |
| Total Call investment deposits | 2 | 355 | 4 219 | 4 486 | 9 167 | - | - | - | - | - | - |
| Consumer debtors | | | | | | | | | | | |
| Consumer debtors | | 19 590 | 19 785 | 22 588 | 21 810 | 23 944 | 23 944 | 23 944 | 25 141 | 26 146 | 27 454 |
| Less: Provision for debt impairment | | (13 501) | (17 894) | (20 612) | (12 100) | (22 606) | (22 606) | (22 606) | (23 780) | (24 644) | (25 461) |
| Total Consumer debtors | 2 | 6 089 | 1 891 | 1 977 | 9 710 | 1 338 | 1 338 | 1 338 | 1 361 | 1 502 | 1 993 |
| Debt impairment provision | | | | | | | | | | | |
| Balance at the beginning of the year | | 13 740 | 13 501 | 17 894 | 9 215 | 20 612 | 20 612 | 20 612 | 22 606 | 23 780 | 24 644 |
| Contributions to the provision | | (239) | 9 166 | 2 895 | 3 400 | 8 899 | 8 899 | 8 899 | 3 174 | 3 364 | 3 566 |
| Bad debts written off | | - | (4 773) | (177) | (2 905) | (6 905) | (6 905) | (6 905) | (2 000) | (2 500) | (2 750) |
| Balance at end of year | | 13 501 | 17 894 | 20 612 | 9 710 | 22 606 | 22 606 | 22 606 | 23 780 | 24 644 | 25 461 |
| Property, plant and equipment (PPE) | | | | | | | | | | | |
| PPE at cost/valuation (excl. finance leases) | | 115 598 | 131 081 | 137 228 | 108 510 | 147 008 | 147 008 | 147 008 | 159 973 | 174 465 | 188 943 |
| Leases recognised as PPE | 3 | 131 | 308 | 308 | - | 308 | 308 | 308 | 308 | 308 | 308 |
| Less: Accumulated depreciation | | 9 616 | 14 731 | 20 032 | (5 293) | 25 390 | 25 390 | 25 390 | 31 086 | 37 126 | 43 522 |
| Total Property, plant and equipment (PPE) | 2 | 106 113 | 116 658 | 117 503 | 113 803 | 121 926 | 121 926 | 121 926 | 129 194 | 137 647 | 145 729 |
| LIABILITIES | | | | | | | | | | | |
| Current liabilities - Borrowing | | | | | | | | | | | |
| Short term loans (other than bank overdraft) | | - | - | - | - | - | - | - | - | - | - |
| Current portion of long-term liabilities | | 141 | 198 | 231 | 453 | 201 | 201 | 201 | 198 | 175 | - |
| Total Current liabilities - Borrowing | | 141 | 198 | 231 | 453 | 201 | 201 | 201 | 198 | 175 | - |
| Trade and other payables | | | | | | | | | | | |
| Trade and other creditors | | 1 664 | 6 595 | 6 503 | 7 391 | 7 089 | 7 089 | 7 089 | 7 585 | 8 116 | 8 684 |
| Unspent conditional transfers | | 609 | 3 185 | 4 267 | - | 4 267 | 4 267 | 4 267 | 4 267 | 4 267 | 4 267 |
| VAT | | 2 124 | 1 525 | 209 | - | 209 | 209 | 209 | 209 | 209 | 209 |
| Total Trade and other payables | 2 | 4 398 | 11 305 | 10 979 | 7 391 | 11 565 | 11 565 | 11 565 | 12 061 | 12 592 | 13 160 |
| Non current liabilities - Borrowing | | | | | | | | | | | |
| Borrowing | 4 | 885 | 750 | 597 | 1 436 | 396 | 396 | 396 | 175 | - | - |
| Finance leases (including PPP asset element) | | 86 | 172 | 95 | - | 80 | 80 | 80 | 68 | 58 | 30 |
| Total Non current liabilities - Borrowing | | 971 | 922 | 692 | 1 436 | 477 | 477 | 477 | 244 | 58 | 30 |
| Provisions - non-current | | | | | | | | | | | |
| Retirement benefits | | 3 072 | 3 343 | 3 424 | - | 3 629 | 3 629 | 3 629 | 3 847 | 4 078 | 4 322 |
| List other major provision items | | | | | | | | | | | |
| Refuse landfill site rehabilitation | | 1 315 | 1 382 | 526 | - | 573 | 573 | 573 | 625 | 681 | 742 |
| Long Service awards | | 44 | 62 | 661 | - | 700 | 700 | 700 | 743 | 787 | 834 |
| Total Provisions - non-current | | 4 431 | 4 787 | 4 610 | - | 4 903 | 4 903 | 4 903 | 5 214 | 5 546 | 5 899 |
| CHANGES IN NET ASSETS | | | | | | | | | | | |
| Accumulated Surplus/(Deficit) | | | | | | | | | | | |
| Accumulated Surplus/(Deficit) - opening balance | | 88 044 | 123 471 | 125 751 | - | 120 697 | 120 697 | 120 697 | 105 264 | 101 673 | 100 735 |
| GRAP adjustments | | 14 578 | - | - | - | - | - | - | - | - | - |
| Restated balance | | 102 623 | 123 471 | 125 751 | - | 120 697 | 120 697 | 120 697 | 105 264 | 101 673 | 100 735 |
| Surplus/(Deficit) | | 19 287 | 2 281 | (5 054) | (7 180) | (15 433) | (15 433) | (15 433) | (3 591) | (938) | (843) |
| Appropriations to Reserves | | - | - | - | - | - | - | - | - | - | - |
| Transfers from Reserves | | 1 561 | - | - | - | - | - | - | - | - | - |
| Depreciation offsets | | - | - | - | - | - | - | - | - | - | - |
| Other adjustments | | - | - | - | - | - | - | - | - | - | - |
| Accumulated Surplus/(Deficit) | 1 | 123 471 | 125 751 | 120 697 | (7 180) | 105 264 | 105 264 | 105 264 | 101 673 | 100 735 | 99 892 |
| Reserves | | | | | | | | | | | |
| Housing Development Fund | | - | - | - | - | - | - | - | - | - | - |
| Capital replacement | | 1 059 | 1 059 | 1 059 | 1 425 | 1 059 | 1 059 | 1 059 | 1 059 | 1 059 | 1 059 |
| Self-insurance | | - | - | - | - | - | - | - | - | - | - |
| Other reserves | | - | - | - | - | - | - | - | - | - | - |
| Revaluation | | - | - | - | - | - | - | - | - | - | - |
| Total Reserves | 2 | 1 059 | 1 059 | 1 059 | 1 425 | 1 059 | 1 059 | 1 059 | 1 059 | 1 059 | 1 059 |
| TOTAL COMMUNITY WEALTH/EQUITY | 2 | 124 530 | 126 810 | 121 756 | (5 755) | 106 324 | 106 324 | 106 324 | 102 733 | 101 794 | 100 952 |

Table 54 MBRR Table SA9 – Social, economic and demographic statistics and assumptions

| Description of economic indicator | Ref. | Basis of calculation | 1996 Census | 2001 Census | 2007 Survey | 2008/9 | 2009/10 | 2010/11 | Current Year 2011/12 | 2012/13 Medium Term Revenue & Expenditure Framework | | |
|---|-------|----------------------|-------------|-------------|-------------|---------|---------|---------|-------------------------|--|---------|---------|
| | | | | | | Outcome | Outcome | Outcome | Original Budget | Outcome | Outcome | Outcome |
| Demographics | | | | | | | | | | | | |
| Population | | | | | 16 375 | 16 417 | 16 375 | 16 375 | 16 153 | | | |
| Females aged 5 - 14 | | | | | | | 1 890 | 1 890 | 1 789 | | | |
| Males aged 5 - 14 | | | | | | | 1 778 | 1 778 | 1 916 | | | |
| Females aged 15 - 34 | | | | | | | 2 619 | 2 619 | 8 460 | | | |
| Males aged 15 - 34 | | | | | | | 2 983 | 2 983 | 2 111 | | | |
| Unemployment | | | | | | | | | | | | |
| Monthly household income (no. of households) | 1, 12 | | | | | | | | | | | |
| No income | | | | | | | | | | | | |
| R1 - R1 600 | | | | | | | | | | | | |
| R1 601 - R3 200 | | | | | | | | | | | | |
| R3 201 - R6 400 | | | | | | | | | | | | |
| R6 401 - R12 800 | | | | | | | | | | | | |
| R12 801 - R25 600 | | | | | | | | | | | | |
| R25 601 - R51 200 | | | | | | | | | | | | |
| R52 201 - R102 400 | | | | | | | | | | | | |
| R102 401 - R204 800 | | | | | | | | | | | | |
| R204 801 - R409 600 | | | | | | | | | | | | |
| R409 601 - R819 200 | | | | | | | | | | | | |
| > R819 200 | | | | | | | | | | | | |
| Poverty profiles (no. of households) | | | | | | | | | | | | |
| < R2 060 per household per month | 13 | | | | | | | | | | | |
| Insert description | 2 | | | | | | | | | | | |
| Household/demographics (000) | | | | | | | | | | | | |
| Number of people in municipal area | | | | | 16 375 000 | 16 375 | 16 375 | 16 375 | 16 153 | | | |
| Number of poor people in municipal area | | | | | 1 693 000 | 1 929 | 1 929 | 1 929 | 4 165 | | | |
| Number of households in municipal area | | | | | 4 155 000 | 4 662 | 4 662 | 4 662 | 1 601 | | | |
| Number of poor households in municipal area | | | | | 1 693 000 | 1 929 | 1 929 | 1 929 | 1 601 | | | |
| Definition of poor household (R per month) | | | | | 189 | 195 | 195 | 195 | 1 120 | | | |
| Housing statistics | 3 | | | | | | | | | | | |
| Formal | | | | | 2 862 | 2 862 | 2 862 | 2 862 | 3 539 | | | |
| Informal | | | | | 308 | 308 | 308 | 308 | 292 | | | |
| Total number of households | | | | | 3 170 | 3 170 | 3 170 | 3 170 | 3 831 | | | |
| Dwellings provided by municipality | 4 | | | | | | | | | | | |
| Dwellings provided by province/s | | | | | | | | | | | | |
| Dwellings provided by private sector | 5 | | | | | | | | | | | |
| Total new housing dwellings | | | | | | | | | | | | |
| Economic | 6 | | | | | | | | | | | |
| Inflation/inflation outlook (CPI) | | | | | | | | | | | | |
| Interest rate - borrowing | | | | | | | | | | | | |
| Interest rate - investment | | | | | | | | | | | | |
| Remuneration increases | | | | | | | | | | | | |
| Consumption growth (electricity) | | | | | | | | | | | | |
| Consumption growth (water) | | | | | | | | | | | | |
| Collection rates | 7 | | | | | | | | | | | |
| Property tax/service charges | | | | | | | | | | | | |
| Rental of facilities & equipment | | | | | | | | | | | | |
| Interest - external investments | | | | | | | | | | | | |
| Interest - debtors | | | | | | | | | | | | |
| Revenue from agency services | | | | | | | | | | | | |

Table 55 MBRR SA32 – List of external mechanisms

| External mechanism Name of organisation | Yrs/ Mths | Period of agreement 1. | Service provided | Expiry date of service delivery agreement or contract | Monetary value of agreement 2. |
|--|--------------|---------------------------|------------------|--|--------------------------------------|
| | | Number | | | R thousand |
| | | | | | |

Table 70 MBRR SA11 – Property Rates Summary

| Description | Ref | 2008/9 | 2009/10 | 2010/11 | Current Year 2011/12 | | | 2012/13 Medium Term Revenue & Expenditure Framework | | |
|---|-----|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|---|------------------------|------------------------|
| | | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Budget Year 2012/13 | Budget Year +1 2013/14 | Budget Year +2 2014/15 |
| Valuation: | 1 | | | | | | | | | |
| Date of valuation: | | 01/07/2008 | | | | | | | | |
| Financial year valuation used | | 30/06/2013 | | | | | | | | |
| Municipal by-laws s6 in place? (Y/N) | 2 | Yes | | | | | | | | |
| Municipal/assistant valuer appointed? (Y/N) | | Yes | | | | | | | | |
| Municipal partnership s38 used? (Y/N) | | No | | | | | | | | |
| No. of assistant valuers (FTE) | 3 | - | | | | | | | | |
| No. of data collectors (FTE) | 3 | 5 | | | | | | | | |
| No. of internal valuers (FTE) | 3 | 3 | | | | | | | | |
| No. of external valuers (FTE) | 3 | - | | | | | | | | |
| No. of additional valuers (FTE) | 4 | - | | | | | | | | |
| Valuation appeal board established? (Y/N) | | No | | | | | | | | |
| Implementation time of new valuation roll (mths) | | | | | | | | | | |
| No. of properties | 5 | | | | 4 869 | | | | | |
| No. of sectional title values | 5 | | | | | | | | | |
| No. of unreasonably difficult properties s7(2) | | | | | | | | | | |
| No. of supplementary valuations | | | | | | | | | | |
| No. of valuation roll amendments | | | | | | | | | | |
| No. of objections by rate payers | | 47 | | | | | | | | |
| No. of appeals by rate payers | | 16 | | | | | | | | |
| No. of successful objections | 8 | 47 | | | | | | | | |
| No. of successful objections > 10% | 8 | 16 | | | | | | | | |
| Supplementary valuation | | | | | | | | | | |
| Public service infrastructure value (Rm) | 5 | | | | | | | | | |
| Municipality owned property value (Rm) | | | | | | | | | | |
| Valuation reductions: | | | | | | | | | | |
| Valuation reductions-public infrastructure (Rm) | | | | | | | | | | |
| Valuation reductions-nature reserves/park (Rm) | | | | | | | | | | |
| Valuation reductions-mineral rights (Rm) | | | | | | | | | | |
| Valuation reductions-R15,000 threshold (Rm) | | | | | | | | | | |
| Valuation reductions-public worship (Rm) | | | | | | | | | | |
| Valuation reductions-other (Rm) | | | | | | | | | | |
| Total valuation reductions: | | - | - | - | - | - | - | - | - | - |
| Total value used for rating (Rm) | 5 | | | | | | | | | |
| Total land value (Rm) | 5 | | | | | | | | | |
| Total value of improvements (Rm) | 5 | | | | | | | | | |
| Total market value (Rm) | 5 | | | | | | | | | |
| Rating: | | | | | | | | | | |
| Residential rate used to determine rate for other categories? (Y/N) | | | | | | | | | | |
| Differential rates used? (Y/N) | 5 | | | | | | | | | |
| Limit on annual rate increase (s20)? (Y/N) | | | | | | | | | | |
| Special rating area used? (Y/N) | | | | | | | | | | |
| Phasing-in properties s21 (number) | | | | | | | | | | |
| Rates policy accompanying budget? (Y/N) | | | | | | | | | | |
| Fixed amount minimum value (R'000) | | | | | | | | | | |
| Non-residential prescribed ratio s19? (%) | | | | | | | | | | |
| Rate revenue: | | | | | | | | | | |
| Rate revenue budget (R'000) | 6 | | | | | | | | | |
| Rate revenue expected to collect (R'000) | 6 | | | | | | | | | |
| Expected cash collection rate (%) | | | | | | | | | | |
| Special rating areas (R'000) | 7 | | | | | | | | | |
| Rebates, exemptions - indigent (R'000) | | | | | | | | | | |
| Rebates, exemptions - pensioners (R'000) | | | | | | | | | | |
| Rebates, exemptions - bona fide farm. (R'000) | | | | | | | | | | |
| Rebates, exemptions - other (R'000) | | | | | | | | | | |
| Phase-in reductions/discounts (R'000) | | | | | | | | | | |
| Total rebates, exemptions, reductions, discounts (R'000) | | - | - | - | - | - | - | - | - | - |

Table 71 MBRR SA12a – Property Rates Summary

| Description | Ref | Resi. | Indust. | Bus. & Comm. | Farm props. | State-owned | Muni props. | Public service infra. | Private owned towns | Formal & Informal Settle. | Comm. Land | State trust land | Section 8(2)(n) (note 1) | Protect. Areas | National Monum/ls | Public benefit organs. | Mining Props. |
|---|-----|----------|---------|--------------|-------------|-------------|-------------|-----------------------|---------------------|---------------------------|------------|------------------|--------------------------|----------------|-------------------|------------------------|---------------|
| Current Year 2011/12 | | | | | | | | | | | | | | | | | |
| Valuation: | | | | | | | | | | | | | | | | | |
| No. of properties | | 3 632 | | 142 | 845 | 65 | 351 | | | | | | | | | | |
| No. of sectional title property values | | | | | | | | | | | | | | | | | |
| No. of unreasonably difficult properties s7(2) | | | | | | | | | | | | | | | | | |
| No. of supplementary valuations | | | | | | | | | | | | | | | | | |
| Supplementary valuation (Rm) | | | | | | | | | | | | | | | | | |
| No. of valuation roll amendments | | | | | | | | | | | | | | | | | |
| No. of objections by rate-payers | | | | | | | | | | | | | | | | | |
| No. of appeals by rate-payers | | | | | | | | | | | | | | | | | |
| No. of appeals by rate-payers finalised | | | | | | | | | | | | | | | | | |
| No. of successful objections | 5 | | | | | | | | | | | | | | | | |
| No. of successful objections > 10% | 5 | | | | | | | | | | | | | | | | |
| Estimated no. of properties not valued | | | | | | | | | | | | | | | | | |
| Years since last valuation (select) | | | | | | | | | | | | | | | | | |
| Frequency of valuation (select) | | | | | | | | | | | | | | | | | |
| Method of valuation used (select) | | | | | | | | | | | | | | | | | |
| Base of valuation (select) | | | | | | | | | | | | | | | | | |
| Phasing-in properties s21 (number) | | | | | | | | | | | | | | | | | |
| Combination of rating types used? (Y/N) | | | | | | | | | | | | | | | | | |
| Flat rate used? (Y/N) | | | | | | | | | | | | | | | | | |
| Is balance rated by uniform rate/variable rate? | | | | | | | | | | | | | | | | | |
| Valuation reductions: | | | | | | | | | | | | | | | | | |
| Valuation reductions-public infrastructure (Rm) | | | | | | | | | | | | | | | | | |
| Valuation reductions-nature reserves/park (Rm) | | | | | | | | | | | | | | | | | |
| Valuation reductions-mineral rights (Rm) | | | | | | | | | | | | | | | | | |
| Valuation reductions-R15,000 threshold (Rm) | | | | | | | | | | | | | | | | | |
| Valuation reductions-public worship (Rm) | | | | | | | | | | | | | | | | | |
| Valuation reductions-other (Rm) | 2 | | | | | | | | | | | | | | | | |
| Total valuation reductions: | | | | | | | | | | | | | | | | | |
| Total value used for rating (Rm) | 6 | | | | | | | | | | | | | | | | |
| Total land value (Rm) | 6 | | | | | | | | | | | | | | | | |
| Total value of improvements (Rm) | 6 | | | | | | | | | | | | | | | | |
| Total market value (Rm) | 6 | | | | | | | | | | | | | | | | |
| Rating: | | | | | | | | | | | | | | | | | |
| Average rate | 3 | 0.012370 | | 0.012370 | 0.000380 | 0.012370 | 0.012370 | | | | | | | | | | |
| Rate revenue budget (R'000) | | | | | | | | | | | | | | | | | |
| Rate revenue expected to collect (R'000) | | | | | | | | | | | | | | | | | |
| Expected cash collection rate (%) | 4 | 60.0% | | 60.0% | 40.0% | 60.0% | 100.0% | | | | | | | | | | |
| Special rating areas (R'000) | | | | | | | | | | | | | | | | | |
| Rebates, ex emptions - indigent (R'000) | | | | | | | | | | | | | | | | | |
| Rebates, ex emptions - pensioners (R'000) | | | | | | | | | | | | | | | | | |
| Rebates, ex emptions - bona fide farm. (R'000) | | | | | | | | | | | | | | | | | |
| Rebates, ex emptions - other (R'000) | | | | | | | | | | | | | | | | | |
| Phase-in reductions/discounts (R'000) | | | | | | | | | | | | | | | | | |
| Total rebates,exemptns,redutns,discs (R'000) | | | | | | | | | | | | | | | | | |

Table 72 MBRR SA12b – Property Rates by Category (Budget Year)

| Description | Ref | Resi. | Indust. | Bus. & Comm. | Farm props. | State-owned | Muni props. | Public service infra. | Private owned towns | Formal & Informal Settle. | Comm. Land | State trust land | Section 8(2)(n) (note 1) | Protect. Areas | National Monum/ls | Public benefit organs. | Mining Props. |
|---|-----|-------|---------|--------------|-------------|-------------|-------------|-----------------------|---------------------|---------------------------|------------|------------------|--------------------------|----------------|-------------------|------------------------|---------------|
| Budget Year 2012/13 | | | | | | | | | | | | | | | | | |
| Valuation: | | | | | | | | | | | | | | | | | |
| No. of properties | | | | | | | | | | | | | | | | | |
| No. of sectional title property values | | | | | | | | | | | | | | | | | |
| No. of unreasonably difficult properties s7(2) | | | | | | | | | | | | | | | | | |
| No. of supplementary valuations | | | | | | | | | | | | | | | | | |
| Supplementary valuation (Rm) | | | | | | | | | | | | | | | | | |
| No. of valuation roll amendments | | | | | | | | | | | | | | | | | |
| No. of objections by rate-payers | | | | | | | | | | | | | | | | | |
| No. of appeals by rate-payers | | | | | | | | | | | | | | | | | |
| No. of appeals by rate-payers finalised | | | | | | | | | | | | | | | | | |
| No. of successful objections | 5 | | | | | | | | | | | | | | | | |
| No. of successful objections > 10% | 5 | | | | | | | | | | | | | | | | |
| Estimated no. of properties not valued | | | | | | | | | | | | | | | | | |
| Years since last valuation (select) | | | | | | | | | | | | | | | | | |
| Frequency of valuation (select) | | | | | | | | | | | | | | | | | |
| Method of valuation used (select) | | | | | | | | | | | | | | | | | |
| Base of valuation (select) | | | | | | | | | | | | | | | | | |
| Phasing-in properties s21 (number) | | | | | | | | | | | | | | | | | |
| Combination of rating types used? (Y/N) | | | | | | | | | | | | | | | | | |
| Flat rate used? (Y/N) | | | | | | | | | | | | | | | | | |
| Is balance rated by uniform rate/variable rate? | | | | | | | | | | | | | | | | | |
| Valuation reductions: | | | | | | | | | | | | | | | | | |
| Valuation reductions-public infrastructure (Rm) | | | | | | | | | | | | | | | | | |
| Valuation reductions-nature reserves/park (Rm) | | | | | | | | | | | | | | | | | |
| Valuation reductions-mineral rights (Rm) | | | | | | | | | | | | | | | | | |
| Valuation reductions-R15,000 threshold (Rm) | | | | | | | | | | | | | | | | | |
| Valuation reductions-public worship (Rm) | | | | | | | | | | | | | | | | | |
| Valuation reductions-other (Rm) | 2 | | | | | | | | | | | | | | | | |
| Total valuation reductions: | | | | | | | | | | | | | | | | | |
| Total value used for rating (Rm) | 6 | | | | | | | | | | | | | | | | |
| Total land value (Rm) | 6 | | | | | | | | | | | | | | | | |
| Total value of improvements (Rm) | 6 | | | | | | | | | | | | | | | | |
| Total market value (Rm) | 6 | | | | | | | | | | | | | | | | |
| Rating: | | | | | | | | | | | | | | | | | |
| Average rate | 3 | | | | | | | | | | | | | | | | |
| Rate revenue budget (R'000) | | | | | | | | | | | | | | | | | |
| Rate revenue expected to collect (R'000) | | | | | | | | | | | | | | | | | |
| Expected cash collection rate (%) | 4 | | | | | | | | | | | | | | | | |
| Special rating areas (R'000) | | | | | | | | | | | | | | | | | |
| Rebates, ex emptions - indigent (R'000) | | | | | | | | | | | | | | | | | |
| Rebates, ex emptions - pensioners (R'000) | | | | | | | | | | | | | | | | | |
| Rebates, ex emptions - bona fide farm. (R'000) | | | | | | | | | | | | | | | | | |
| Rebates, ex emptions - other (R'000) | | | | | | | | | | | | | | | | | |
| Phase-in reductions/discounts (R'000) | | | | | | | | | | | | | | | | | |
| Total rebates,exemptns,redutns,discs (R'000) | | | | | | | | | | | | | | | | | |

Table 73 MBRR SA13 – Service Tariffs by Category

| Description | Ref | Provide description of tariff structure where appropriate | 2008/9 | 2009/10 | 2010/11 | Current Year 2011/12 | 2012/13 Medium Term Revenue & Expenditure Framework | | |
|--|-------|---|------------|-----------|-----------|----------------------|---|------------------------|------------------------|
| | | | | | | | Budget Year 2012/13 | Budget Year +1 2013/14 | Budget Year +2 2014/15 |
| Property rates <i>(rate in the Rand)</i> | 1 | | | | | | | | |
| Residential properties | D1000 | | 12 530 140 | 249 271 | 3 526 748 | | | | |
| Residential properties - vacant land | D1000 | | | | | | | | |
| Formal/informal settlements | | | | | | | | | |
| Small holdings | | | | | | | | | |
| Farm properties - used | D6000 | | 857 481 | 2 794 864 | 664 528 | | | | |
| Farm properties - not used | | | | | | | | | |
| Industrial properties | | | | | | | | | |
| Business and commercial properties | D2000 | | 252 807 | 77 166 | 86 698 | | | | |
| Communal land - residential | | | | | | | | | |
| Communal land - small holdings | | | | | | | | | |
| Communal land - farm property | | | | | | | | | |
| Communal land - business and commercial | | | | | | | | | |
| Communal land - other | | | | | | | | | |
| State-owned properties | D2100 | | 37 977 | 86 182 | 412 910 | | | | |
| Municipal properties | D7000 | | 3 369 248 | 1 028 428 | 1 155 464 | | | | |
| Public service infrastructure | | | | | | | | | |
| Privately owned towns serviced by the State trust land | | | | | | | | | |
| Restitution and redistribution properties | | | | | | | | | |
| Protected areas | | | | | | | | | |
| National monuments properties | | | | | | | | | |
| Exemptions, reductions and rebates | | | | | | | | | |
| Residential properties | | | | | | | | | |
| R15 000 threshold rebate | | 422 984 | 15 000 | 15 000 | 15 000 | 15 000 | 15 000 | 15 000 | 15 000 |
| General residential rebate | | | | | | | | | |
| Indigent rebate or exemption | | | | | | | | | |
| Pensioners/social grants rebate or exemption | | | | | | | | | |
| Temporary relief rebate or exemption | | | | | | | | | |
| Bona fide farmers rebate or exemption | | | | | | | | | |
| List other rebates or exemptions | | | | | | | | | |
| [insert lines if necessary] | | | | | | | | | |
| Water tariffs | | | | | | | | | |
| Domestic | | | | | | | | | |
| Basic charge/fix fee <i>(Rands/month)</i> | | | | | | | | | |
| Service point - vacant land <i>(Rands/month)</i> | | | | | | | | | |
| Water usage - flat rate tariff <i>(c/k)</i> | | | | | | | | | |
| Water usage - life line tariff | | (describe structure) | | | | | | | |
| Water usage - Block 1 <i>(c/k)</i> | | (fill in thresholds) | | | | | | | |
| Water usage - Block 2 <i>(c/k)</i> | | (fill in thresholds) | | | | | | | |
| Water usage - Block 3 <i>(c/k)</i> | | (fill in thresholds) | | | | | | | |
| Water usage - Block 4 <i>(c/k)</i> | | (fill in thresholds) | | | | | | | |
| [insert extra blocks if necessary] | | | | | | | | | |
| Waste water tariffs | | | | | | | | | |
| Domestic | | | | | | | | | |
| Basic charge/fix fee <i>(Rands/month)</i> | | | | | | | | | |
| Service point - vacant land <i>(Rands/month)</i> | | | | | | | | | |
| Waste water - flat rate tariff <i>(c/k)</i> | | | | | | | | | |
| Volumetric charge - Block 1 <i>(c/k)</i> | | (fill in structure) | | | | | | | |
| Volumetric charge - Block 2 <i>(c/k)</i> | | (fill in structure) | | | | | | | |
| Volumetric charge - Block 3 <i>(c/k)</i> | | (fill in structure) | | | | | | | |
| Volumetric charge - Block 4 <i>(c/k)</i> | | (fill in structure) | | | | | | | |
| [insert extra blocks if necessary] | | | | | | | | | |

| | | | | | | | | |
|--|--|-------------------------|--|--|--|--|--|--|
| Electricity tariffs | | | | | | | | |
| <i>Domestic</i> | | | | | | | | |
| Basic charge/fix ed fee <i>(Rands/month)</i> | | | | | | | | |
| Service point - vacant land <i>(Rands/month)</i> | | | | | | | | |
| FBE | | | | | | | | |
| Life-line tariff - meter | | (how is this targeted?) | | | | | | |
| Life-line tariff - prepaid | | (describe structure) | | | | | | |
| Flat rate tariff - meter <i>(c/kwh)</i> | | (describe structure) | | | | | | |
| Flat rate tariff - prepaid <i>(c/kwh)</i> | | | | | | | | |
| Meter - IBT Block 1 <i>(c/kwh)</i> | | (fill in thresholds) | | | | | | |
| Meter - IBT Block 2 <i>(c/kwh)</i> | | (fill in thresholds) | | | | | | |
| Meter - IBT Block 3 <i>(c/kwh)</i> | | (fill in thresholds) | | | | | | |
| Meter - IBT Block 4 <i>(c/kwh)</i> | | (fill in thresholds) | | | | | | |
| Meter - IBT Block 5 <i>(c/kwh)</i> | | (fill in thresholds) | | | | | | |
| [insert extra blocks if necessary] | | (fill in thresholds) | | | | | | |
| Prepaid - IBT Block 1 <i>(c/kwh)</i> | | (fill in thresholds) | | | | | | |
| Prepaid - IBT Block 2 <i>(c/kwh)</i> | | (fill in thresholds) | | | | | | |
| Prepaid - IBT Block 3 <i>(c/kwh)</i> | | (fill in thresholds) | | | | | | |
| Prepaid - IBT Block 4 <i>(c/kwh)</i> | | (fill in thresholds) | | | | | | |
| Prepaid - IBT Block 5 <i>(c/kwh)</i> | | (fill in thresholds) | | | | | | |
| [insert extra blocks if necessary] | | (fill in thresholds) | | | | | | |
| Waste management tariffs | | | | | | | | |
| <i>Domestic</i> | | | | | | | | |
| Street cleaning charge | | | | | | | | |
| Basic charge/fix ed fee | | | | | | | | |
| 80l bin - once a week | | | | | | | | |
| 250l bin - once a week | | | | | | | | |

2.15 Municipal manager's quality certificate